



ANNUAL STATEMENT  
For the Year Ended December 31, 2012  
OF THE CONDITION AND AFFAIRS OF THE  
MMG Insurance Company

NAIC Group Code	0000 (Current Period)	,	0000 (Prior Period)	NAIC Company Code	15997	Employer's ID Number	01-0021090
Organized under the Laws of	Maine			State of Domicile or Port of Entry	Maine		
Country of Domicile	United States of America						
Incorporated/Organized	05/22/1897			Commenced Business	08/19/1897		
Statutory Home Office	44 Maysville Street (Street and Number)			,	Presque Isle, ME, US 04769 (City or Town, State, Country and Zip Code)		
Main Administrative Office				44 Maysville Street (Street and Number)			
	Presque Isle, ME, US 04769 (City or Town, State, Country and Zip Code)				(207)764-6611 (Area Code) (Telephone Number)		
Mail Address	P.O. Box 729 (Street and Number or P.O. Box)			,	Presque Isle, ME, US 04769 (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records				44 Maysville Street (Street and Number)			
	Presque Isle, ME, US 04769 (City or Town, State, Country and Zip Code)				(207)764-6611 (Area Code) (Telephone Number)		
Internet Website Address	www.mmgin.com						
Statutory Statement Contact	Michael Allen Thibodeau (Name)				(207)764-6611-268 (Area Code)(Telephone Number)(Extension)		
	mike.thibodeau@mmgin.com (E-Mail Address)				(207)760-3320 (Fax Number)		

OFFICERS

Name	Title
Larry Martin Shaw	President/CEO
Matthew Ricker McHatten	Exec. VP/COO/Secretary
Michael Martin Young	Senior VP/CFO/Treasurer
Stephen James Gallant	Senior VP - External Operations

OTHERS

Lynn Marie Lombard	Pamela Jean Johnson
Timothy William Vernon	Stacy Lee Shaw
Corey Alan Graham	Douglas Reed Hazlett #

DIRECTORS OR TRUSTEES

John Henry Cashwell, III Chairman	Michael David McPherson
Samuel Wilson Collins	Harold Anthony Dakin
Dawn Hill	Tom Edward Gagnon
Jay York McCrum	Donald Walker Perkins Jr.
Jon Joseph Prescott	Larry Martin Shaw
Lisa Marie Ventriss	

State of Maine  
County of Aroostook ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Larry Martin Shaw	(Signature) Matthew Ricker McHatten	(Signature) Michael Martin Young
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
President/CEO	Exec. VP/COO/Secretary	Senior VP/CFO/Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[ ]
day of , 2013	b. If no,	0
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	0

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	112,964,875	0	112,964,875	111,853,987
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....	0	0	0	0
2.2	Common Stocks .....	22,685,648	0	22,685,648	19,894,534
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....	0	0	0	0
3.2	Other than first liens .....	0	0	0	0
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....	5,756,679	0	5,756,679	5,882,902
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....	0	0	0	0
4.3	Properties held for sale (less \$.....0 encumbrances) .....	0	0	0	0
5.	Cash (\$.....15,983,968 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA) .....	15,983,968	0	15,983,968	12,199,576
6.	Contract loans (including \$.....0 premium notes) .....	0	0	0	0
7.	Derivatives (Schedule DB) .....	0	0	0	0
8.	Other invested assets (Schedule BA) .....	0	0	0	0
9.	Receivables for securities .....	1,250,258	0	1,250,258	8,644
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....	0	0	0	0
11.	Aggregate write-ins for invested assets .....	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	158,641,428	0	158,641,428	149,839,643
13.	Title plants less \$.....0 charged off (for Title insurers only) .....	0	0	0	0
14.	Investment income due and accrued .....	1,316,256	0	1,316,256	1,288,673
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	4,872,570	0	4,872,570	4,645,840
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	30,767,904	0	30,767,904	29,507,692
15.3	Accrued retrospective premiums .....	0	0	0	0
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	372,140	0	372,140	493,363
16.2	Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3	Other amounts receivable under reinsurance contracts .....	0	0	0	0
17.	Amounts receivable relating to uninsured plans .....	0	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
18.2	Net deferred tax asset .....	5,129,617	0	5,129,617	5,473,001
19.	Guaranty funds receivable or on deposit .....	0	0	0	0
20.	Electronic data processing equipment and software .....	1,453,332	1,058,060	395,272	405,410
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....	885,651	885,651	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23.	Receivables from parent, subsidiaries and affiliates .....	386,148	0	386,148	353,632
24.	Health care (\$.....0) and other amounts receivable .....	0	0	0	0
25.	Aggregate write-ins for other than invested assets .....	4,741,868	1,498,686	3,243,182	436,283
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	208,566,914	3,442,397	205,124,517	192,443,537
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28.	Total (Lines 26 and 27) .....	208,566,914	3,442,397	205,124,517	192,443,537
DETAILS OF WRITE-INS					
1101.	.....	0	0	0	0
1102.	.....	0	0	0	0
1103.	.....	0	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501.	Company Cars .....	373,396	373,396	0	0
2502.	Leasehold Improvements .....	28,411	28,411	0	0
2503.	Prepaid Expenses .....	413,620	413,620	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	3,926,441	683,259	3,243,182	436,283
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	4,741,868	1,498,686	3,243,182	436,283

LIABILITIES, SURPLUS AND OTHER FUNDS

		1	2
		Current Year	Prior Year
1.	Losses (Part 2A, Line 35, Column 8) .....	31,359,498	29,329,414
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	7,125,275	6,891,164
4.	Commissions payable, contingent commissions and other similar charges .....	10,817,443	10,724,291
5.	Other expenses (excluding taxes, licenses and fees) .....	1,765,658	1,473,877
6.	Taxes, licenses and fees (excluding federal and foreign income taxes) .....	632,122	650,650
7.1	Current federal and foreign income taxes (including \$.....179,549 on realized capital gains (losses)) .....	143,861	559,936
7.2	Net deferred tax liability .....	0	0
8.	Borrowed money \$.....0 and interest thereon \$.....0 .....	0	0
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....8,524,688 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act) .....	62,494,614	57,250,195
10.	Advance premiums .....	1,945,276	1,818,567
11.	Dividends declared and unpaid:		
11.1	Stockholders .....	0	0
11.2	Policyholders .....	0	0
12.	Ceded reinsurance premiums payable (net of ceding commissions) .....	1,553,095	1,442,805
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	5,395,654	8,024,320
14.	Amounts withheld or retained by company for account of others .....	894,855	722,810
15.	Remittances and items not allocated .....	0	0
16.	Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8) .....	0	0
17.	Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18.	Drafts outstanding .....	2,066	125
19.	Payable to parent, subsidiaries and affiliates .....	691,504	577,930
20.	Derivatives .....	0	0
21.	Payable for securities .....	1,224,706	0
22.	Payable for securities lending .....	0	0
23.	Liability for amounts held under uninsured plans .....	0	0
24.	Capital notes \$.....0 and interest thereon \$.....0 .....	0	0
25.	Aggregate write-ins for liabilities .....	0	0
26.	TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	126,045,627	119,466,084
27.	Protected cell liabilities .....	0	0
28.	TOTAL Liabilities (Lines 26 and 27) .....	126,045,627	119,466,084
29.	Aggregate write-ins for special surplus funds .....	0	0
30.	Common capital stock .....	2,500,000	2,500,000
31.	Preferred capital stock .....	0	0
32.	Aggregate write-ins for other than special surplus funds .....	0	614,576
33.	Surplus notes .....	0	0
34.	Gross paid in and contributed surplus .....	35,374,137	35,374,137
35.	Unassigned funds (surplus) .....	41,204,753	34,488,740
36.	Less treasury stock, at cost:		
36.1	.....0 shares common (value included in Line 30 \$.....0) .....	0	0
36.2	.....0 shares preferred (value included in Line 31 \$.....0) .....	0	0
37.	Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	79,078,890	72,977,453
38.	TOTALS (Page 2, Line 28, Column 3) .....	205,124,517	192,443,537
DETAILS OF WRITE-INS			
2501.	.....	0	0
2502.	.....	0	0
2503.	.....	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0
2901.	.....	0	0
2902.	.....	0	0
2903.	.....	0	0
2998.	Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0
3201.	Additional Admitted Deferred Tax Assets due to SAP 10R .....	0	614,576
3202.	.....	0	0
3203.	.....	0	0
3298.	Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....	0	614,576

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	112,832,780	102,156,908
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)	59,809,893	55,423,366
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	10,005,169	8,985,889
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	41,207,308	37,113,623
5. Aggregate write-ins for underwriting deductions	0	0
6. TOTAL Underwriting Deductions (Lines 2 through 5)	111,022,370	101,522,878
7. Net income of protected cells	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	1,810,410	634,030
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,337,647	4,344,656
10. Net realized capital gains (losses) less capital gains tax of \$.....179,549 (Exhibit of Capital Gains (Losses))	348,537	1,990,770
11. Net investment gain or (loss) (Lines 9 + 10)	4,686,184	6,335,426
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....59,855)	(59,855)	(26,409)
13. Finance and service charges not included in premiums	952,060	979,935
14. Aggregate write-ins for miscellaneous income	(914)	15,867
15. TOTAL Other Income (Lines 12 through 14)	891,291	969,393
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	7,387,885	7,938,849
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	7,387,885	7,938,849
19. Federal and foreign income taxes incurred	2,087,912	1,201,356
20. Net income (Line 18 minus Line 19) (to Line 22)	5,299,973	6,737,493
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	72,977,453	69,344,383
22. Net income (from Line 20)	5,299,973	6,737,493
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....755,215	1,466,005	(2,441,467)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	411,830	(75,986)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(416,677)	(197,305)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(659,694)	(600,173)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	210,509
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,101,437	3,633,071
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	79,078,890	72,977,453
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Misc. Income	(914)	15,867
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(914)	15,867
3701. Additional Admitted Deferred Tax Assets due to SAP 10R	0	614,576
3702. Reclassification of additional admitted deferred tax assets to special surplus funds	0	(614,576)
3703. Prior Period Commission Adjustment	0	210,509
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	0	210,509

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	116,827,257	104,969,632
2.	Net investment income .....	5,161,851	5,079,293
3.	Miscellaneous income .....	891,291	969,393
4.	Total (Lines 1 through 3) .....	122,880,399	111,018,317
5.	Benefit and loss related payments .....	57,658,586	55,397,165
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	50,611,961	46,182,766
8.	Dividends paid to policyholders .....	0	0
9.	Federal and foreign income taxes paid (recovered) net of \$.....179,549 tax on capital gains (losses) .....	2,683,537	1,014,735
10.	Total (Lines 5 through 9) .....	110,954,084	102,594,666
11.	Net cash from operations (Line 4 minus Line 10) .....	11,926,315	8,423,652
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	18,424,124	24,705,496
12.2	Stocks .....	8,121,611	20,600,649
12.3	Mortgage loans .....	0	0
12.4	Real estate .....	0	0
12.5	Other invested assets .....	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7	Miscellaneous proceeds .....	0	34
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	26,545,735	45,306,179
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	20,053,608	29,722,051
13.2	Stocks .....	8,260,526	23,124,922
13.3	Mortgage loans .....	0	0
13.4	Real estate .....	109,861	11,043
13.5	Other invested assets .....	0	0
13.6	Miscellaneous applications .....	16,908	8,644
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	28,440,903	52,866,659
14.	Net increase (decrease) in contract loans and premium notes .....	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(1,895,168)	(7,560,480)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....	0	0
16.2	Capital and paid in surplus, less treasury stock .....	0	0
16.3	Borrowed funds .....	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5	Dividends to stockholders .....	546,120	483,000
16.6	Other cash provided (applied) .....	(5,700,635)	(1,600,872)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(6,246,755)	(2,083,872)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	3,784,392	(1,220,700)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	12,199,576	13,420,277
19.2	End of year (Line 18 plus Line 19.1) .....	15,983,968	12,199,576

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....	0	0
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UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1.	Fire .....	1,636,667	922,798	940,940	1,618,525
2.	Allied lines .....	719,199	438,011	452,586	704,624
3.	Farmowners multiple peril .....	1,932,764	980,464	1,012,007	1,901,221
4.	Homeowners multiple peril .....	31,204,817	16,554,882	17,547,081	30,212,618
5.	Commercial multiple peril .....	22,118,952	10,484,132	11,981,618	20,621,466
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	0	0	0	0
9.	Inland marine .....	2,262,844	1,202,207	1,257,201	2,207,850
10.	Financial guaranty .....	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0
12.	Earthquake .....	0	0	0	0
13.	Group accident and health .....	0	0	0	0
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	0	0	0	0
17.1	Other liability - occurrence .....	1,745,274	850,941	903,882	1,692,333
17.2	Other liability - claims-made .....	0	0	0	0
17.3	Excess Workers' Compensation .....	0	0	0	0
18.1	Products liability - occurrence .....	0	0	0	0
18.2	Products liability - claims-made .....	0	0	0	0
19.1	19.2 Private passenger auto liability .....	23,957,663	11,131,981	11,867,658	23,221,986
19.3	19.4 Commercial auto liability .....	7,614,089	3,339,643	3,937,754	7,015,978
21.	Auto physical damage .....	24,884,932	11,345,134	12,593,887	23,636,179
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	0	0	0
24.	Surety .....	0	0	0	0
26.	Burglary and theft .....	0	0	0	0
27.	Boiler and machinery .....	0	0	0	0
28.	Credit .....	0	0	0	0
29.	International .....	0	0	0	0
30.	Warranty .....	0	0	0	0
31.	Reinsurance-Nonproportional Assumed Property .....	0	0	0	0
32.	Reinsurance-Nonproportional Assumed Liability .....	0	0	0	0
33.	Reinsurance-Nonproportional Assumed Financial Lines .....	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0
35.	TOTALS .....	118,077,201	57,250,193	62,494,614	112,832,780
DETAILS OF WRITE-INS					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1A - RECAPITULATION OF ALL PREMIUMS

		1	2	3	4	5
		Amount Unearned (Running One Year or Less From Date of Policy) (a)	Amount Unearned (Running More Than One Year From Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
Line of Business						
1.	Fire .....	940,940	0	0	0	940,940
2.	Allied lines .....	452,586	0	0	0	452,586
3.	Farmowners multiple peril .....	1,012,007	0	0	0	1,012,007
4.	Homeowners multiple peril .....	17,547,081	0	0	0	17,547,081
5.	Commercial multiple peril .....	11,981,618	0	0	0	11,981,618
6.	Mortgage guaranty .....	0	0	0	0	0
8.	Ocean marine .....	0	0	0	0	0
9.	Inland marine .....	1,257,201	0	0	0	1,257,201
10.	Financial guaranty .....	0	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0	0
12.	Earthquake .....	0	0	0	0	0
13.	Group accident and health .....	0	0	0	0	0
14.	Credit accident and health (group and individual) .....	0	0	0	0	0
15.	Other accident and health .....	0	0	0	0	0
16.	Workers' compensation .....	0	0	0	0	0
17.1	Other liability - occurrence .....	903,882	0	0	0	903,882
17.2	Other liability - claims-made .....	0	0	0	0	0
17.3	Excess Workers' Compensation .....	0	0	0	0	0
18.1	Products liability - occurrence .....	0	0	0	0	0
18.2	Products liability - claims-made .....	0	0	0	0	0
19.1	19.2 Private passenger auto liability .....	11,867,658	0	0	0	11,867,658
19.3	19.4 Commercial auto liability .....	3,937,754	0	0	0	3,937,754
21.	Auto physical damage .....	12,593,887	0	0	0	12,593,887
22.	Aircraft (all perils) .....	0	0	0	0	0
23.	Fidelity .....	0	0	0	0	0
24.	Surety .....	0	0	0	0	0
26.	Burglary and theft .....	0	0	0	0	0
27.	Boiler and machinery .....	0	0	0	0	0
28.	Credit .....	0	0	0	0	0
29.	International .....	0	0	0	0	0
30.	Warranty .....	0	0	0	0	0
31.	Reinsurance-Nonproportional Assumed Property .....	0	0	0	0	0
32.	Reinsurance-Nonproportional Assumed Liability .....	0	0	0	0	0
33.	Reinsurance-Nonproportional Assumed Financial Lines .....	0	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0
35.	TOTALS .....	62,494,614	0	0	0	62,494,614
36.	Accrued retrospective premiums based on experience .....					0
37.	Earned but unbilled premiums .....					0
38.	Balance (Line 35 through Line 37) .....					62,494,614
DETAILS OF WRITE-INS						
3401.	.....	0	0	0	0	0
3402.	.....	0	0	0	0	0
3403.	.....	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0

(a) State here basis of computation used in each case: Semi-Monthly Pro Rata Method

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1B - PREMIUMS WRITTEN

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire .....	2,073,600	0	0	0	436,933	1,636,667
2.	Allied lines .....	924,576	0	0	0	205,377	719,199
3.	Farmowners multiple peril .....	2,369,736	0	0	0	436,972	1,932,764
4.	Homeowners multiple peril .....	37,842,922	0	0	0	6,638,105	31,204,817
5.	Commercial multiple peril .....	27,635,618	0	0	0	5,516,666	22,118,952
6.	Mortgage guaranty .....	0	0	0	0	0	0
8.	Ocean marine .....	0	0	0	0	0	0
9.	Inland marine .....	2,810,023	0	0	0	547,179	2,262,844
10.	Financial guaranty .....	0	0	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0	0	0
12.	Earthquake .....	0	0	0	0	0	0
13.	Group accident and health .....	0	0	0	0	0	0
14.	Credit accident and health (group and individual) .....	0	0	0	0	0	0
15.	Other accident and health .....	0	0	0	0	0	0
16.	Workers' compensation .....	0	0	0	0	0	0
17.1	Other liability - occurrence .....	4,377,956	0	0	0	2,632,682	1,745,274
17.2	Other liability - claims-made .....	0	0	0	0	0	0
17.3	Excess Workers' Compensation .....	0	0	0	0	0	0
18.1	Products liability - occurrence .....	0	0	0	0	0	0
18.2	Products liability - claims-made .....	0	0	0	0	0	0
19.1	19.2 Private passenger auto liability .....	25,767,190	0	107,787	0	1,917,314	23,957,663
19.3	19.4 Commercial auto liability .....	8,934,396	0	0	0	1,320,307	7,614,089
21.	Auto physical damage .....	26,751,675	0	79,909	0	1,946,652	24,884,932
22.	Aircraft (all perils) .....	0	0	0	0	0	0
23.	Fidelity .....	0	0	0	0	0	0
24.	Surety .....	0	0	0	0	0	0
26.	Burglary and theft .....	0	0	0	0	0	0
27.	Boiler and machinery .....	0	0	0	0	0	0
28.	Credit .....	0	0	0	0	0	0
29.	International .....	0	0	0	0	0	0
30.	Warranty .....	0	0	0	0	0	0
31.	Reinsurance-Nonproportional Assumed Property .....	X X X	0	0	0	0	0
32.	Reinsurance-Nonproportional Assumed Liability .....	X X X	0	0	0	0	0
33.	Reinsurance-Nonproportional Assumed Financial Lines .....	X X X	0	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
35.	TOTALS .....	139,487,692	0	187,696	0	21,598,187	118,077,201
DETAILS OF WRITE-INS							
3401.	.....	0	0	0	0	0	0
3402.	.....	0	0	0	0	0	0
3403.	.....	0	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes[ ] No[X]  
If yes, (1) The amount of such installment premiums \$.....0.  
(2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
		1  Direct Business	2  Reinsurance Assumed	3  Reinsurance Recovered	4  Net Payments (Columns 1 + 2 - 3)				
1.	Fire .....	695,404	0	48,378	647,026	164,803	106,270	705,559	43.59
2.	Allied lines .....	302,845	0	20,424	282,421	49,550	113,769	218,202	30.97
3.	Farmowners multiple peril .....	904,200	0	133,982	770,218	192,285	390,666	571,837	30.08
4.	Homeowners multiple peril .....	19,897,687	0	2,755,700	17,141,987	3,321,646	4,600,364	15,863,269	52.51
5.	Commercial multiple peril .....	7,401,537	0	964,658	6,436,879	5,613,047	4,850,096	7,199,830	34.91
6.	Mortgage guaranty .....	0	0	0	0	0	0	0	0.00
8.	Ocean marine .....	0	0	0	0	0	0	0	0.00
9.	Inland marine .....	643,192	0	41,568	601,624	270,556	47,756	824,424	37.34
10.	Financial guaranty .....	0	0	0	0	0	0	0	0.00
11.1	Medical professional liability - occurrence .....	0	0	0	0	0	0	0	0.00
11.2	Medical professional liability - claims-made .....	0	0	0	0	0	0	0	0.00
12.	Earthquake .....	0	0	0	0	0	0	0	0.00
13.	Group accident and health .....	0	0	0	0	0	0	0	0.00
14.	Credit accident and health (group and individual) .....	0	0	0	0	0	0	0	0.00
15.	Other accident and health .....	0	0	0	0	0	0	0	0.00
16.	Workers' compensation .....	0	0	0	0	0	0	0	0.00
17.1	Other liability - occurrence .....	115,771	0	61,434	54,337	1,281,308	713,315	622,330	36.77
17.2	Other liability - claims-made .....	0	0	0	0	0	0	0	0.00
17.3	Excess Workers' Compensation .....	0	0	0	0	0	0	0	0.00
18.1	Products liability - occurrence .....	0	0	0	0	0	0	0	0.00
18.2	Products liability - claims made .....	0	0	0	0	0	0	0	0.00
19.1	19.2 Private passenger auto liability .....	18,426,929	49,716	2,734,744	15,741,901	16,176,917	14,882,776	17,036,042	73.36
19.3	19.4 Commercial auto liability .....	2,530,020	0	927,409	1,602,611	3,651,074	2,834,195	2,419,490	34.49
21.	Auto physical damage .....	15,444,956	47,534	991,685	14,500,805	638,312	790,207	14,348,910	60.71
22.	Aircraft (all perils) .....	0	0	0	0	0	0	0	0.00
23.	Fidelity .....	0	0	0	0	0	0	0	0.00
24.	Surety .....	0	0	0	0	0	0	0	0.00
26.	Burglary and theft .....	0	0	0	0	0	0	0	0.00
27.	Boiler and machinery .....	0	0	0	0	0	0	0	0.00
28.	Credit .....	0	0	0	0	0	0	0	0.00
29.	International .....	0	0	0	0	0	0	0	0.00
30.	Warranty .....	0	0	0	0	0	0	0	0.00
31.	Reinsurance-Nonproportional Assumed Property .....	X X X	0	0	0	0	0	0	0.00
32.	Reinsurance-Nonproportional Assumed Liability .....	X X X	0	0	0	0	0	0	0.00
33.	Reinsurance-Nonproportional Assumed Financial Lines .....	X X X	0	0	0	0	0	0	0.00
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0	0	0.00
35.	TOTALS .....	66,362,541	97,250	8,679,982	57,779,809	31,359,498	29,329,414	59,809,893	53.01
DETAILS OF WRITE-INS									
3401.	.....	0	0	0	0	0	0	0	0.00
3402.	.....	0	0	0	0	0	0	0	0.00
3403.	.....	0	0	0	0	0	0	0	0.00
3498.	Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0	0	0.00
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0	0	0.00

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7	Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded		
1.	Fire .....	156,807	0	9,408	147,399	20,476	0	3,072	164,803	17,678
2.	Allied Lines .....	46,500	0	2,500	44,000	6,529	0	979	49,550	1,090
3.	Farmowners multiple peril .....	203,064	0	19,629	183,435	10,514	0	1,664	192,285	135,801
4.	Homeowners multiple peril .....	5,530,744	0	2,361,511	3,169,233	181,069	0	28,656	3,321,646	1,182,199
5.	Commercial multiple peril .....	5,838,356	0	1,240,505	4,597,851	1,284,657	0	269,461	5,613,047	2,148,000
6.	Mortgage guaranty .....	0	0	0	0	0	0	0	0	0
8.	Ocean marine .....	0	0	0	0	0	0	0	0	0
9.	Inland marine .....	256,734	0	15,174	241,560	34,113	0	5,117	270,556	10,232
10.	Financial guaranty .....	0	0	0	0	0	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0	0	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0	0	0	0	0	0
12.	Earthquake .....	0	0	0	0	0	0	0	0	0
13.	Group accident & health .....	0	0	0	0	0	0	0	(a) 0	0
14.	Credit accident & health (group & individual) .....	0	0	0	0	0	0	0	0	0
15.	Other accident & health .....	0	0	0	0	0	0	0	(a) 0	0
16.	Workers' compensation .....	0	0	0	0	0	0	0	0	0
17.1	Other liability - occurrence .....	1,266,883	0	699,891	566,992	1,482,118	0	767,802	1,281,308	263,000
17.2	Other liability - claims-made .....	0	0	0	0	0	0	0	0	0
17.3	Excess Workers' Compensation .....	0	0	0	0	0	0	0	0	0
18.1	Products liability - occurrence .....	0	0	0	0	0	0	0	0	0
18.2	Products liability - claims-made .....	0	0	0	0	0	0	0	0	0
19.1	19.2 Private passenger auto liability .....	19,039,706	62,488	2,309,819	16,792,375	(807,467)	15,522	(176,487)	16,176,917	2,395,275
19.3	19.4 Commercial auto liability .....	3,350,748	0	818,770	2,531,978	1,556,165	0	437,069	3,651,074	694,000
21.	Auto physical damage .....	1,341,056	1,340	59,384	1,283,012	(754,574)	4,679	(105,195)	638,312	278,000
22.	Aircraft (all perils) .....	0	0	0	0	0	0	0	0	0
23.	Fidelity .....	0	0	0	0	0	0	0	0	0
24.	Surety .....	0	0	0	0	0	0	0	0	0
26.	Burglary and theft .....	0	0	0	0	0	0	0	0	0
27.	Boiler and machinery .....	0	0	0	0	0	0	0	0	0
28.	Credit .....	0	0	0	0	0	0	0	0	0
29.	International .....	0	0	0	0	0	0	0	0	0
30.	Warranty .....	0	0	0	0	0	0	0	0	0
31.	Reinsurance-Nonproportional Assumed Property .....	X X X	0	0	0	X X X	0	0	0	0
32.	Reinsurance-Nonproportional Assumed Liability .....	X X X	0	0	0	X X X	0	0	0	0
33.	Reinsurance-Nonproportional Assumed Financial Lines .....	X X X	0	0	0	X X X	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0	0	0	0
35.	TOTALS .....	37,030,598	63,828	7,536,591	29,557,835	3,013,600	20,201	1,232,138	31,359,498	7,125,275
DETAILS OF WRITE-INS										
3401.	.....	0	0	0	0	0	0	0	0	0
3402.	.....	0	0	0	0	0	0	0	0	0
3403.	.....	0	0	0	0	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0	0	0	0
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0	0	0	0

(a) Including \$.....0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct .....	3,884,091	0	0	3,884,091
1.2 Reinsurance assumed .....	0	0	0	0
1.3 Reinsurance ceded .....	625,805	0	0	625,805
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	3,258,286	0	0	3,258,286
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....	0	24,998,202	0	24,998,202
2.2 Reinsurance assumed, excluding contingent .....	0	20,638	0	20,638
2.3 Reinsurance ceded, excluding contingent .....	0	4,987,161	0	4,987,161
2.4 Contingent - direct .....	0	3,677,000	0	3,677,000
2.5 Contingent - reinsurance assumed .....	0	0	0	0
2.6 Contingent - reinsurance ceded .....	0	0	0	0
2.7 Policy and membership fees .....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	23,708,679	0	23,708,679
3. Allowances to manager and agents .....	0	0	0	0
4. Advertising .....	5,650	106,981	0	112,631
5. Boards, bureaus and associations .....	87,139	571,166	2,377	660,682
6. Surveys and underwriting reports .....	0	1,547,806	0	1,547,806
7. Audit of assureds' records .....	0	0	0	0
8. Salary and related items:				
8.1 Salaries .....	3,719,022	6,820,243	352,194	10,891,459
8.2 Payroll taxes .....	254,020	477,071	24,636	755,727
9. Employee relations and welfare .....	696,870	1,337,427	69,064	2,103,361
10. Insurance .....	52,748	100,522	4,610	157,880
11. Directors' fees .....	142,061	268,275	13,854	424,190
12. Travel and travel items .....	269,092	668,708	12,466	950,266
13. Rent and rent items .....	233,015	446,285	22,109	701,409
14. Equipment .....	152,806	316,006	15,494	484,306
15. Cost or depreciation of EDP equipment and software .....	138,767	260,647	13,459	412,873
16. Printing and stationery .....	94,854	177,466	9,164	281,484
17. Postage, telephone and telegraph, exchange and express .....	311,404	571,433	29,509	912,346
18. Legal and auditing .....	60,171	133,002	449,781	642,954
19. TOTALS (Lines 3 to 18) .....	6,217,619	13,803,038	1,018,717	21,039,374
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....	0	2,842,476	0	2,842,476
20.2 Insurance department licenses and fees .....	0	183,542	0	183,542
20.3 Gross guaranty association assessments .....	0	4,599	0	4,599
20.4 All other (excluding federal and foreign income and real estate) .....	6,925	(49,660)	672	(42,063)
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	6,925	2,980,957	672	2,988,554
21. Real estate expenses .....	0	0	259,622	259,622
22. Real estate taxes .....	0	0	0	0
23. Reimbursements by uninsured plans .....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses .....	522,339	714,634	27,443	1,264,416
25. TOTAL expenses incurred .....	10,005,169	41,207,308	1,306,454	(a) 52,518,931
26. Less unpaid expenses - current year .....	7,125,274	12,519,220	213,239	19,857,733
27. Add unpaid expenses - prior year .....	6,720,718	12,281,787	213,586	19,216,091
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	9,600,613	40,969,875	1,306,801	51,877,289
DETAILS OF WRITE-INS				
2401. Miscellaneous Expense .....	522,339	796,471	27,443	1,346,253
2402. Miscellaneous Allocation Adjustment .....	0	(81,837)	0	(81,837)
2403. ....	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	522,339	714,634	27,443	1,264,416

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 45,857	..... 45,371
1.1	Bonds exempt from U.S. tax .....	(a)..... 1,998,480	..... 2,055,406
1.2	Other bonds (unaffiliated) .....	(a)..... 2,752,856	..... 2,727,569
1.3	Bonds of affiliates .....	(a)..... 0	..... 0
2.1	Preferred stocks (unaffiliated) .....	(b)..... 0	..... 0
2.11	Preferred stocks of affiliates .....	(b)..... 0	..... 0
2.2	Common stocks (unaffiliated) .....	..... 448,288	..... 444,711
2.21	Common stocks of affiliates .....	..... 0	..... 0
3.	Mortgage loans .....	(c)..... 0	..... 0
4.	Real estate .....	(d)..... 504,645	..... 504,645
5.	Contract loans .....	..... 0	..... 0
6.	Cash, cash equivalents and short-term investments .....	(e)..... 102,324	..... 102,331
7.	Derivative instruments .....	(f)..... 0	..... 0
8.	Other invested assets .....	..... 0	..... 0
9.	Aggregate write-ins for investment income .....	..... 152	..... 152
10.	Total gross investment income .....	..... 5,852,602	..... 5,880,185
11.	Investment expenses .....		(g)..... 1,305,782
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g)..... 672
13.	Interest expense .....		(h)..... 0
14.	Depreciation on real estate and other invested assets .....		(i)..... 236,084
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total deductions (Lines 11 through 15) .....		..... 1,542,538
17.	Net Investment income (Line 10 minus Line 16) .....		..... 4,337,647
DETAILS OF WRITE-INS			
0901.	NH Auto Facility .....	..... 152	..... 152
0902.	.....	..... 0	..... 0
0903.	.....	..... 0	..... 0
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	..... 152	..... 152
1501.	.....		..... 0
1502.	.....		..... 0
1503.	.....		..... 0
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		..... 0
(a) Includes \$.....112,222 accrual of discount less \$.....727,925 amortization of premium and less \$.....54,490 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....504,645 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....236,084 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 0	..... 0	..... 0	..... 0	..... 0
1.1	Bonds exempt from U.S. tax .....	..... 0	..... 0	..... 0	..... 0	..... 0
1.2	Other bonds (unaffiliated) .....	..... 97,107	..... 0	..... 97,107	..... 0	..... 0
1.3	Bonds of affiliates .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.1	Preferred stocks (unaffiliated) .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.11	Preferred stocks of affiliates .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.2	Common stocks (unaffiliated) .....	..... 565,980	..... (135,003)	..... 430,978	..... 2,221,220	..... 0
2.21	Common stocks of affiliates .....	..... 0	..... 0	..... 0	..... 0	..... 0
3.	Mortgage loans .....	..... 0	..... 0	..... 0	..... 0	..... 0
4.	Real estate .....	..... 0	..... 0	..... 0	..... 0	..... 0
5.	Contract loans .....	..... 0	..... 0	..... 0	..... 0	..... 0
6.	Cash, cash equivalents and short-term investments .....	..... 1	..... 0	..... 1	..... 0	..... 0
7.	Derivative instruments .....	..... 0	..... 0	..... 0	..... 0	..... 0
8.	Other invested assets .....	..... 0	..... 0	..... 0	..... 0	..... 0
9.	Aggregate write-ins for capital gains (losses) .....	..... 0	..... 0	..... 0	..... 0	..... 0
10.	Total capital gains (losses) .....	..... 663,088	..... (135,003)	..... 528,086	..... 2,221,220	..... 0
DETAILS OF WRITE-INS						
0901.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0902.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0903.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	..... 0	..... 0	..... 0	..... 0	..... 0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	..... 0	..... 0	..... 0	..... 0	..... 0

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....	0	0	0
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....	0	0	0
2.2	Common stocks .....	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....	0	0	0
3.2	Other than first liens .....	0	0	0
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....	0	0	0
4.2	Properties held for the production of income .....	0	0	0
4.3	Properties held for sale .....	0	0	0
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	0	0	0
6.	Contract loans .....	0	0	0
7.	Derivatives (Schedule DB) .....	0	0	0
8.	Other invested assets (Schedule BA) .....	0	0	0
9.	Receivables for securities .....	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11.	Aggregate write-ins for invested assets .....	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13.	Title plants (for Title insurers only) .....	0	0	0
14.	Invested income due and accrued .....	0	0	0
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	0	0	0
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	0
15.3	Accrued retrospective premiums .....	0	0	0
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....	0	0	0
16.2	Funds held by or deposited with reinsured companies .....	0	0	0
16.3	Other amounts receivable under reinsurance contracts .....	0	0	0
17.	Amounts receivable relating to uninsured plans .....	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2	Net deferred tax asset .....	0	0	0
19.	Guaranty funds receivable or on deposit .....	0	0	0
20.	Electronic data processing equipment and software .....	1,058,060	637,139	(420,921)
21.	Furniture and equipment, including health care delivery assets .....	885,651	966,546	80,895
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23.	Receivables from parent, subsidiaries and affiliates .....	0	0	0
24.	Health care and other amounts receivable .....	0	0	0
25.	Aggregate write-ins for other than invested assets .....	1,498,686	1,422,035	(76,651)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	3,442,397	3,025,720	(416,677)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28.	Total (Lines 26 and 27) .....	3,442,397	3,025,720	(416,677)
DETAILS OF WRITE-INS				
1101.	.....	0	0	0
1102.	.....	0	0	0
1103.	.....	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501.	Company Cars .....	373,396	336,504	(36,892)
2502.	Leasehold Improvements .....	28,411	46,561	18,150
2503.	Prepaid Expenses .....	413,620	397,434	(16,186)
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	683,259	641,536	(41,723)
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,498,686	1,422,035	(76,651)

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of MMG Insurance Company (Company) have been prepared on the basis of accounting practices prescribed by the Maine Insurance Department.

The Maine Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Maine for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under the Maine Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Maine.

NAIC regulations require that guaranty fund assessments be accrued for throughout the year. However, the Company has been granted permission by the State of Maine Insurance Department to account for guaranty fund assessments on a paid basis. This treatment had an immaterial effect on net income and policyholders’ surplus for 2012 and 2011.

In 2012, the Company was granted permission by the State of Maine Insurance Department to recognize the book value of a company-owned aircraft as an admitted asset beginning in 2012. Reconciliations of net income and policyholders’ surplus between the amounts reported in the accompanying financial statements (ME basis) and NAIC SAP follow:

Description	2012	2011
1. Net income, state basis	\$5,299,973	\$6,737,493
2. Effect of state prescribed practices	0	0
3. Effect of state permitted practices	(7,182)	(865)
4. Net income, NAIC SAP basis	\$5,292,791	\$6,736,628

Description	Dec. 31, 2012	Dec. 31, 2011
5. Policyholders’ surplus, state basis	\$79,078,890	\$72,977,453
6. Effect of state prescribed practices	0	0
7. Effect of state permitted practices		
Guaranty fund assessments	(8,542)	(3,167)
Company-owned aircraft	(2,839,648)	
8. Policyholders’ surplus, NAIC SAP basis	\$76,230,700	\$72,974,286

B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

C. Accounting Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by semi-monthly pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

## Notes to Financial Statements

Net investment income earned consists primarily of interest, dividends and rent income less investment-related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rent income includes an imputed rent for the Company's occupancy of its own building. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Investment grade bonds not backed by other loans are stated at amortized cost using the scientific constant yield-to-worse method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. In accordance with SSAP 26, *Bonds, Excluding Loan-Backed and Structured Securities*, the Company recognizes other than temporary impairments in the fair value of its fixed income portfolio. The Company recognized \$0 and \$0 of realized losses for other than temporary impairments on its fixed income portfolio in 2012 and 2011, respectively.
2. Common stocks are stated at market value. In accordance with SSAP 30, *Investments in Common Stock*, the Company recognizes other than temporary impairments in the fair value of its common stock portfolio. The Company recognized \$135,003 (\$89,102 net of tax) and \$313,475 (\$206,894 net of tax) of realized losses for other than temporary impairments on its common stock portfolio in 2012 and 2011, respectively. See Note 14E for more details.
3. Investment grade loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed and asset-backed securities.
4. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
5. The Company has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, leasehold improvements, and other equipment. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

### **Note 2 – Accounting Changes and Correction of Errors**

- A. Accounting Changes and Correction of Errors

Not Applicable

### **Note 3 – Business Combinations and Goodwill**

- A. Statutory Purchase Method

Not Applicable

- B. Statutory Mergers

Not Applicable

Notes to Financial Statements

- C. Writedowns for Impairment of Investments in Affiliates
- Not Applicable

Note 4 – Discontinued Operations

- A. Date and effects on financial statements
- Not Applicable

Note 5 – Investments

- A. Mortgage Loans
- Not Applicable
- B. Troubled Debt Restructuring for Creditors
- Not Applicable
- C. Reverse Mortgages
- Not Applicable
- D. Loan-Backed and Structured Securities
- a. Prepayment assumptions for single-class and multi-class mortgage-backed/asset-backed securities were obtained from Bloomberg or other widely accepted securities data providers. A proprietary model is used for loss assumptions and widely accepted models are used for prepayment assumptions in valuing mortgage-backed and asset-backed securities.
  - b. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
  - c. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
  - d. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

December 31, 2012						
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single-class residential mortgage-backed/asset-backed securities	----	----	\$3,297	\$60	\$3,297	\$60
TOTAL	----	----	\$3,297	\$60	\$3,297	\$60

- e. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2012, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2012, the Company can assert that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are supported by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary



Notes to Financial Statements

impairments in the future on some of the securities held at December 31, 2012 if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations, and Real Estate with Participating Mortgage Loan Features

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

Note 6 – Joint Ventures, Partnerships, and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not Applicable

B. Writedowns for Impairment of Joint Ventures, Partnerships and LLC’s

Not Applicable

Note 7 – Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

Not applicable

Note 8 – Derivative Instruments

A. Not Applicable

Note 9 – Income Taxes

A. Components of Net Deferred Tax Assets:

	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total gross deferred tax assets	6,720,746	94,395	6,815,141	6,171,988	259,816	6,431,804	548,758	(165,421)	383,337
Statutory valuation allowance	0	0	0	0	0	0	0	0	0
Adjusted gross deferred tax assets	6,720,746	94,395	6,815,141	6,171,988	259,816	6,431,804	548,758	(165,421)	383,337
Deferred tax assets nonadmitted	0	0	0	0	0	0	0	0	0
Subtotal net admitted deferred tax asset	6,720,746	94,395	6,815,141	6,171,988	259,816	6,431,804	548,758	(165,421)	383,337
Gross deferred tax liabilities	(1,054,698)	(630,826)	(1,685,524)	(958,803)	0	(958,803)	(95,895)	(630,826)	(726,721)
Net admitted deferred tax asset	5,666,048	(536,431)	5,129,617	5,213,185	259,816	5,473,001	452,863	(796,247)	(343,384)

Notes to Financial Statements

	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components- SSAP 101									
Federal income taxes paid in prior years recoverable through carrybacks	4,284,962	0	4,284,962	4,045,970	0	4,045,970	238,992	0	238,992
Adjusted gross deferred tax assets expected to be realized	1,697,743	94,395	1,792,138	1,425,825	219,739	1,645,564	271,918	(125,344)	146,574
Deferred tax assets expected to be realized following balance sheet date	1,697,743	94,395	1,792,138	1,425,825	219,739	1,645,564	271,918	(125,344)	146,574
Deferred tax assets allowed per limitation threshold	XXX	XXX	0	XXX	XXX	0	XXX	XXX	0
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	738,041	0	738,041	700,193	40,077	740,270	37,848	(40,077)	(2,229)
Deferred tax assets admitted as the result of SSAP 101	6,720,746	94,395	6,815,141	6,171,988	259,816	6,431,804	548,758	(165,421)	383,337

	December 31, 2012	December 31, 2011
Ratio percentage used to determine recovery period and threshold limitation amount	865.285	881.836
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	73,554,001	67,099,042

B. Unrecognized Deferred Tax Liabilities:

Not Applicable

C. Current Tax and Change in Deferred Tax:

The provisions for income taxes incurred on earnings for the years ended December 31 are:

	2012	2011	Change
Federal	\$ 2,087,912	\$ 1,201,356	\$ 886,556
Foreign	0	0	0
Realized capital gains/(losses) tax	179,549	1,025,548	( 845,999)
Federal and foreign income taxes incurred	\$ 2,267,461	\$ 2,226,904	\$ 40,557

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2012	2011	Change
Deferred tax assets:			
Ordinary:			
20% of unearned premiums	4,381,913	4,016,676	365,237
Discount of unpaid losses and LAE	663,081	689,960	(26,879)
Nonadmitted assets	991,634	911,060	80,574
Accounts Receivable	178,781	159,360	19,421
Compensation and benefits	486,297	384,051	102,246
Other	19,040	10,881	8,159
Total Ordinary tax assets	6,720,746	6,171,988	548,758
Capital:			
Net unrealized capital losses	0	124,387	(124,387)
Wash sales	5,833	3,726	2,107
Other Than Temporary Impairments	88,562	131,703	(43,141)
Total Capital tax assets	94,395	259,816	(165,421)
Total DTAs nonadmitted	0	0	0
Admitted deferred tax assets	\$ 6,815,141	\$ 6,431,804	\$ 383,337

Notes to Financial Statements

Deferred tax liabilities:

Ordinary:			
Accelerated premium acq. expenses	(132,279)	(123,663)	(8,616)
Fixed assets	(815,576)	(739,174)	(76,402)
Investments	(106,843)	(69,904)	(36,939)
Other	0	(26,062)	26,062
Total Ordinary tax liabilities	(1,054,698)	(958,803)	(95,895)
Capital:			
Net unrealized capital gains	(630,826)	0	(630,826)
Total Capital tax liabilities	(630,826)	0	(630,826)
<b>Total deferred tax liabilities</b>	<b><u>(\$1,685,524)</u></b>	<b><u>(\$958,803)</u></b>	<b><u>(\$726,721)</u></b>
<b>Net Admitted Deferred Tax Assets</b>	<b><u>\$ 5,129,617</u></b>	<b><u>\$5,473,001</u></b>	<b><u>(\$343,384)</u></b>

The change in net deferred income taxes is comprised of the following:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Total gross deferred tax assets	\$ 6,815,141	\$ 6,431,804	\$ 383,337
Total gross deferred tax liabilities	<u>\$(1,685,524)</u>	<u>\$ (958,803)</u>	<u>\$ (726,721)</u>
Net deferred tax asset	<u>\$ 5,129,617</u>	<u>\$ 5,473,001</u>	<u>\$ (343,384)</u>
Deferred tax on change in net unrealized gains (losses)			<u>\$ 755,214</u>
Change in net deferred income taxes			<u>\$ 411,830</u>

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 34% to income before income taxes. The significant items causing this difference are as follows:

	<u>2012</u>	<u>2011</u>
Provision computed at statutory rate @ 34%	\$ 2,572,928	\$ 3,047,895
Tax exempt interest and dividends	(661,824)	(661,287)
Travel and entertainment	18,184	20,959
Lobbying expenses	8,832	9,032
Prior year under (over) accrual	22,363	(142,210)
Change in Non-Admitted Assets	(99,996)	(67,081)
Other	(4,856)	95,582
	<u>\$ 1,855,631</u>	<u>\$ 2,302,890</u>
Federal income tax incurred	\$ 2,087,912	\$ 1,201,356
Realized capital gains tax	179,549	1,025,548
Change in net deferred income taxes	<u>(411,830)</u>	<u>75,986</u>
Total statutory income taxes	<u>\$ 1,855,631</u>	<u>\$ 2,302,890</u>

E. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2012 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

a)	2012	\$ 2,242,367
b)	2011	\$ 1,972,862

## Notes to Financial Statements

- 3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.
- F. Consolidated Federal Income Tax Return
  - 1. The Company's federal income tax return is consolidated with the following entities: Maine Mutual Group and MMG Financial Services, Inc.
  - 2. The method of allocation among companies is subject to a written tax sharing agreement approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled after the tax return is filed.

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties**

A. Nature of Relationships

The Company is a wholly-owned subsidiary of MMG Financial Services, Inc.

B. Detail of Transactions Greater Than ½% of Admitted Assets

Not Applicable

C. Change in Terms of Intercompany Arrangements

Not Applicable

D. Amounts Due to or from Related Parties

On December 14, 2007, MMG Financial Services, Inc. (MMGFSI) issued 191,644 shares of MMGFSI's Series A Preferred Stock and 76,657 shares of MMGFSI's Class A Common Stock to CCM Real Estate II LLC, a Delaware limited liability company ("CCM"), for an aggregate purchase price of \$7 million (the "Stock Purchase"). The Stock Purchase included \$5 million of Series A preferred stock and \$2 million of Class A common stock. The stock sale was a conduit to allow MMGFSI to participate in the Federal New Markets Tax Credit Program.

Upon consummation of the Stock Purchase, MMGFSI invested the net proceeds of approximately \$6.8 million as a contribution to the capital of MMG Insurance Company (MMGIC). MMGIC used those proceeds for the expansion and renovation of its offices in Presque Isle, Maine (the "Real Estate"). In connection with this transaction, MMGIC leased its offices to MMGFSI, and MMGFSI leased them back to MMGIC. In agreement with the State of Maine Bureau of Insurance, MMGIC will recognize the annual lease payments of \$483,000 per year to MMGFSI beginning in 2007 and ending in 2017 as annual dividend payments in its statutory-basis financial statements.

The Company reported \$691,504 and \$577,930 due to Parent, and \$386,148 and \$353,632 due from Parent in 2012 and 2011, respectively.

E. Guarantees or Contingencies for Related Parties

Not Applicable

F. Management, Service Contracts, Cost-Sharing Arrangements

Not Applicable

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by Parent.

## Notes to Financial Statements

- H. Amount Deducted for Investment of Upstream Company  
Not Applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets  
Not Applicable
- J. Writedowns for Impairments of Investments in Affiliates  
Not Applicable
- K. Foreign Insurance Subsidiary Valued Using CARVM  
Not Applicable
- L. Downstream Holding Company Valued Using Look-Through Method.  
Not Applicable

### **Note 11 – Debt**

- A. In 2010, the Company renewed an unsecured line of credit (LOC) of \$3 million. The LOC was converted to a demand line, meaning any loan shall be due and payable on demand. In lieu of a formal expiration date, the agreement has an annual review requirement, which triggered effective June 30, 2012, extending the LOC until September 30, 2013. Interest is accrued on advances at 30 day LIBOR plus 2.25% per annum, is payable monthly, and is not subject to a minimum (floor) rate. The line of credit must be cleared for a minimum of 30 consecutive days during each fiscal year. As of December 31, 2012 and 2011, the Company had no advances on the line of credit.
- B. Funding Agreements with Federal Home Loan Bank (FHLB)  
Not Applicable

### **Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

- A. Defined Benefit Plans and Post Employment Benefits

The Company adopted a postretirement benefit plan in 2004 covering officers of the Company. The plan covers 50% of retiree medical and prescription drug premium costs for eligible participants. For eligible participants who retired prior to 2004, the benefit is 100%. Prior to 2012, eligible participants were defined as those participants who attained age 62 with 5 years of accrued service. Coverage was provided through the Company's group health insurance policy. The plan was amended effective January 1, 2012 to redefine eligibility to cover those participants who attain age 62 while still in the employ of the Company as an officer and he or she is enrolled and covered with the Company's group health insurance policy on the date immediately proceeding their retirement date.

Under the amended plan, eligible participants will remain covered under the Company's group health insurance policy until they attain age 65 and become eligible for Medicare. Upon attaining Medicare eligibility, they will be carved out of the group health plan and will purchase individual Medicare supplement policies with the cost sharing the same as mentioned above. The postretirement benefit plan is an unfunded plan.

Notes to Financial Statements

The following tables set forth the obligations and funded status, assumptions, plan assets and cash flows associated with the postretirement benefits as of December 31, 2012 and 2011:

	Other Postretirement Benefits	
Change in projected benefit obligation	2012	2011
Projected benefit obligation at beginning of year	\$ 931,030	\$ 590,285
Service cost	12,848	20,644
Interest cost	19,500	31,960
Actuarial (gain) loss	113,455	308,401
Benefits and expenses paid	(23,187)	(20,260)
Plan amendments	(510,922)	-
Projected benefit obligation at end of year	\$ 542,724	\$ 931,030
	Other Postretirement Benefits	
Change in plan assets	2012	2011
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Employer contributions	23,187	20,260
Benefits and expenses	(23,187)	(20,260)
Fair value of plan assets at end of year	\$ -	\$ -
Funded status	\$(542,724)	\$(931,030)
Unrecognized net obligation	-	-
Unrecognized net loss/(gain)	154,229	544,960
Subtotal amount prepaid (accrued) as a liability	\$(388,495)	\$(386,070)

Amounts recognized in the financial statements consist of:

	Benefits	
	2012	2011
Prepaid benefit cost at beginning of year	\$(386,070)	\$(339,770)
Net periodic benefit cost	(25,612)	(66,560)
Employer contributions	23,187	20,260
Net amount prepaid (accrued)	\$(388,495)	\$(386,070)

The components of net periodic benefit costs consist of:

	Other Postretirement Benefits	
	2012	2011
Service Cost	\$ 12,848	\$ 20,644
Interest cost	19,500	31,960
Expected return on plan assets	-	-
Amortization of net obligation or (asset)	-	-
Amortization of unrecognized loss	41,240	13,956
Unrecognized pas service liability	(47,976)	-
Total net periodic benefit cost (income)	\$ 25,612	\$ 66,560

The weighted average assumptions used to determine benefit obligations were:

	Other Postretirement Benefits	
	2012	2011
Discount rate	4.05%	4.40%

The accumulated postretirement benefit obligation was determined using a weighted-average health care cost trend of 8% in 2012 and 9% in 2011. The expected health care cost trend rate for 2013 is 7.5%. In 2018, the health care cost trend is expected to reach the ultimate trend rate of 5%. Assumed health care cost trend rates typically have a significant effect on the amounts reported for healthcare plans. A one-percentage point increase in health care cost trend rates would increase service cost by \$3,657 and interest cost by \$3,926. A one-percentage point decrease in health care cost trend rates would decrease service cost by \$2,758 and interest cost by \$3,063.

The following benefit payments, which reflect future service, are expected to be paid:

Expected Future Benefit Payments	Other
	Postretirement Benefits
2013	21,253
2014	27,019
2015	23,822
2016	24,149
2017	20,233
2018-2022	82,023

B. Defined Contribution Plans

The Company adopted a 401k Profit Sharing Plan on July 1, 1995. Since inception and up to January 1, 2009, the Company approved a discretionary match of employee compensation contributed to the plan subject to approval by the Board of Directors. This discretionary match was reviewed annually by the Board of Directors.

Effective January 1, 2009, the plan was amended to become the MMG Insurance Company 401(k) Retirement Savings Plan. Pursuant to the termination of the defined benefit pension plan in 2009, the plan was redesigned to provide an offsetting increase in retirement benefits. The plan was enhanced as follows effective January 1, 2009:

- **Automatic enrollment;** i.e., all employees will be enrolled in the plan
- **Nonelective Contributions** – Each plan year, the Company will make nonelective contributions to the plan on the participant’s behalf in an amount equal to 3% of their pay for such year.
- **Employer matching contribution** broken down as follows:
  - \$1.00 for each dollar of elective contributions made on the participant’s behalf up to 2% of pay; and
  - \$.50 for each dollar of elective contributions made on the participant’s behalf in excess of 2% of their pay and up to 6% of their pay

Thus, if a participant’s elective contributions equal 6% or more of their pay, the Company will contribute on their behalf a maximum matching contribution of 4% of their pay.

- **Transition Contribution** – For employees who were employed by the Company and participants in the Company Defined Benefit Pension Plan on 11/15/08, the Company will credit the following contribution, in addition to the above, who are credited with at least 45 points based upon their age and years of service to be made from 2009 – 2013:

• Less than 45	<b>0% contribution</b>
• 45-54	<b>4%</b>
• 55-64	<b>5%</b>
• 65 or more	<b>6%</b>

## Notes to Financial Statements

A participant will be credited with 1 point for each year of age and 1 point for each year of service from 2009 – 2013. The transition contribution ceases effective January 1, 2014.

- **Discretionary Contribution** – In addition to the above, from time to time, the Company may elect to make a discretionary contribution to the Plan to be determined by the Board of Directors.

In 2012, the combined Company contributions to the plan under the nonelective, match and transition components of the plan totaled \$970,465, compared with \$925,748 in 2011.

Employees were able to contribute a maximum of \$17,000 and \$16,500 of earnings in 2012 and 2011, respectively. Employees attaining age 50 or older during 2012 or 2011 were allowed a catch up contribution of \$5,500 in those years.

Pentegra Retirement Services (Pentegra) served as the plan's service provider and third party administrator and Reliance Trust Company served as the plan's trustee. Effective December 21, 2011, John Hancock became the plan's service provider, Downeast Pension Services became the plan's third party administrator, and Wilmington Trust Company became the plan's trustee.

C. Multiemployer Plans

Not applicable

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors or retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and
- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The Company sponsors a postretirement health care benefit plan that provides medical and prescription drug coverage eligible officers of the Company. See Note 12A for more details.

### **Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

A. Outstanding Shares

The Company has 5,000,000 shares authorized, 2,500,000 issued and outstanding. All shares are Class A shares.



Notes to Financial Statements

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company’s state of incorporation to the greater of prior year income or 10% of surplus. Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders. There were no restrictions placed on the Company’s surplus, including for whom the surplus is being held.

D. Dates and Amounts of Dividends Paid

The Company paid net dividends of \$546,120 during the current year to its Parent as follows:

DATE OF PAYMENT	AMOUNT
January 14, 2012	\$40,250
February 14, 2012	\$40,250
March 14, 2012	\$40,250
April 14, 2012	\$40,250
May 14, 2012	\$40,250
June 14, 2012	\$40,250
July 13, 2012	\$40,250
August 14, 2012	\$40,250
September 14, 2012	\$40,250
September 19, 2012	\$63,120
October 14, 2012	\$40,250
November 14, 2012	\$40,250
December 14, 2012	\$40,250
TOTAL 2012 NET DIVIDEND PAYMENTS	\$546,120

In addition to the dividend payments listed above, \$113,574 was accrued and is payable to its Parent. Total dividends charged to unassigned funds in the current year were \$659,694. All dividends were ordinary, not requiring regulatory approval.

E. Amount of Ordinary Dividends That May be Paid

Other than the limitations described above in paragraph C, there are no other limitations on the amount of ordinary dividends that may be paid.

F. Restrictions on Unassigned Funds

There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E and these unassigned funds are held for the benefit of the owner and policyholders.

G. Mutual Surplus Advances

Not Applicable

H. Company Stock Held for Special Purposes

Not Applicable

I. Changes in Special Surplus Funds

Not Applicable

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$1,855,387 less applicable deferred taxes of \$630,832, for a net balance of \$1,224,555.

K. Surplus Notes

Not Applicable

L. Impact of Quasi Reorganizations

Not Applicable

M. Date of Quasi Reorganizations

Not Applicable

Note 14 – Contingencies

A. Contingent Commitments

Not Applicable

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. The Company is permitted by the State of Maine to account for guaranty funds on a cash basis rather than the NAIC prescribed method of accruing at the time of insolvency. In the year 2012, the Company paid guaranty funds to the state of Pennsylvania in the amount of \$4,599.

C. Gain Contingencies

Not Applicable

D. Extra Contractual Obligation and Bad Faith Losses

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period.	\$ 0

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [ ] (g) Per Claimant [ X ]

Notes to Financial Statements

E. Product Warranties

Not Applicable

F. Other Contingencies and Writedowns for Impairment

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

On December 31, 2012, the Company recognized other-than-temporary impairments (OTTI) on 19 common equities, resulting in a writedown of \$135,003 and a revised cost basis of \$490,549.

**Note 15 – Leases**

A. Lessee Leasing Arrangements

The Company leases office space for its regional office in Concord, New Hampshire under a non-cancelable lease which will expire on September 22, 2013. Rental expense for the current year and the prior year were \$67,658 and \$66,006, respectively. The Company also has a leasing agreement for office space for its regional office in Allentown, Pennsylvania. Rental expense for the current year and prior year for the Pennsylvania office were \$43,914 and \$42,193 respectively. Minimum lease payments for the remainder of the lease terms to be incurred are:

2013)	\$93,591
2014)	\$49,201
2015)	\$4,177

B. Lessor Leasing Arrangements

Not Applicable

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

A. Face or Contract Amounts

Not Applicable

B. Nature and Terms

Not Applicable

C. Exposure to Credit-Related Losses

Not Applicable

D. Collateral Policy

Not Applicable

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

Not Applicable

Notes to Financial Statements

B. Transfers and Servicing of Financial Assets

Not Applicable

C. Wash Sales

In the course of the Company’s asset management, equity securities are sold and reacquired within 30 days of the sale date. No securities with an NAIC designation of 3 or lower were sold and reacquired within 30 days of the sale date.

**Note 18 – Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

A. Administrative Services Only (ASO) Plans

Not Applicable

B. Administrative Services Contract (ASC) Plans

Not Applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not Applicable

**Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

A. Not Applicable

**Note 20 – Fair Value Measurements**

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Items Measured and Reported as Fair Value by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 – Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis which are not exchange traded. The Company has no assets or liabilities measured at fair value in this category for the statutory financial statements dated December 31, 2012.

Level 3 – Significant Unobservable Inputs: This category is for items measured at fair value on a recurring basis for which fair value is derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non binding.

Notes to Financial Statements

2012	Level 1	Level 2	Level 3	Total
Common stocks	22,626,617	-	59,031	22,685,648
Total fair value	\$ 22,626,617	\$ -	\$ 59,031	\$22,685,648

2011	Level 1	Level 2	Level 3	Total
Common stocks	19,836,798	-	57,736	19,894,534
Total fair value	\$ 19,836,798	\$ -	\$ 57,736	\$19,894,534

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

2. Rollforward of Level 3 Items

	2012	2011
	Common Stock	Common Stock
Beginning of year	\$ 57,736	\$ 47,817
Purchases	-	-
Sales	-	-
Total gains and losses (realized and unrealized)		
Included in net income	-	-
Included in other comprehensive income	1,295	9,919
Transfers in and out of significant unobservable inputs	-	-
End of year	\$ 59,031	\$ 57,736

The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held as of December 31	\$ -	\$ -
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3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The common stock carried at fair value and categorized as Level 3 was valued using figures provided by the NAIC Securities Valuation Office, and was derived using the prior-year's book value per share, provided by the issuing company.

5. Derivative Fair Values

Not Applicable

B. Other Fair Value Disclosures

Not Applicable

Notes to Financial Statements

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Instruments - Assets						
Bonds	123,327,099	112,964,875	-	112,964,875	-	-
Common Stocks	22,685,648	22,685,648	22,626,617	-	59,031	-
Cash	15,983,968	15,983,968	15,983,968	-	-	-
Total fair value	\$161,996,715	\$151,634,491	\$38,610,585	\$112,964,875	\$59,031	\$ -

D. Financial Instruments for Which Not Practicable to Estimate Fair Values

Not Applicable

Note 21 – Other Items

A. Extraordinary Items

Not Applicable

B. Troubled Debt Restructuring for Debtors

Not Applicable

C. Other Disclosures

Assets in the amount of \$1,338,899 and \$1,360,725 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable

At the end of the current and prior year, the Company had admitted assets of \$35,640,474 and \$34,153,532, respectively in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amounts and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company’s financial condition.

E. Business Interruption Insurance Recoveries

Not Applicable

F. State Transferable and Non-Transferable Tax Credits

Not Applicable

## Notes to Financial Statements

### G. Subprime Mortgage Related Risk Exposure

#### 1. Subprime Mortgage Exposures

The Company invests in several asset classes that could potentially be adversely affected by subprime mortgage exposure. These investments include asset-backed securities, US agency debt securities, investment-grade corporate bonds and equity investments in financial institutions. The Company believes that its greatest exposure is to unrealized losses from declines in asset values versus realized losses resulting from defaults or foreclosures. Conservative investment practices limit the Company's exposure to such losses.

#### 2. Direct Exposure - Mortgage Loans

The Company does not participate in mortgage lending.

#### 3. Direct Exposure - Other Investment Classes

The Company has several other investment classes that could have subprime mortgage exposure including:

- Asset-backed securities
- Debt obligations of financial institutions participating in subprime lending practices
- Unaffiliated equity securities issued by financial institutions participating in subprime lending.

The Company has reviewed its mortgage-backed security portfolio and determined that all of these investments are in pools that are backed by loans made to well-qualified borrowers or in tranches that have minimal default risk. In accordance with SSAP 43R, all residential mortgage-backed securities were examined at year end 2012 for possible other-than-temporary impairments. As explained in Note 5D above, no loss due to other-than-temporary impairments have been realized in 2012 on residential mortgage-backed securities.

At the end of the current year, the Company did not hold any securities with direct exposure to subprime mortgages.

All bonds held that were issued by financial institutions participating in subprime lending activities are investment grade quality. Default risk on these bonds appears minimal at this time.

The Company has no exposure to subprime mortgages in either the mortgage-backed or commercial mortgage-backed security sectors of the market.

The Company has indirect exposures to subprime mortgages in the U.S. Agency sector. The Company has \$2.0 million book value in agency debt in the Company's portfolio in Freddie Mac, Fannie Mae, and Federal Home Loan Bank securities. The Company also has indirect exposure to subprime mortgages in the investment-grade corporate bond sector. The Company has \$38.7 million book value in investment-grade corporate fixed income securities. Of these corporate holdings, \$8.1 million were in the banking sector, \$1.5 million were in the brokerage sector, and \$1.0 million were in the finance sector.

#### 4. Underwriting Exposure

Not Applicable

Notes to Financial Statements

Note 22 – Events Subsequent

- A. The Company’s statutory bond deposit with the State of New Hampshire matured on January 1, 2013. On January 1, 2013, the \$300,000 par Lake County, IL bond was replaced by a Central Bucks, PA School District bond with a par value of \$210,000 and book value of \$224,354 as of December 31, 2012. There is no financial statement impact resulting from this change in statutory deposits.

Subsequent events have been considered through March 1, 2013, the date of issuance of these statutory financial statements. Other than the item listed directly above, there were no events occurring subsequent to the end of the current year that merited recognition or disclosure in these statements.

Note 23 – Reinsurance

- A. Unsecured Reinsurance Recoverables

Following are reinsurance recoverables for paid and unpaid losses, loss adjustment expenses and unearned premiums from individual reinsurers that exceed 3% of policyholder surplus:

NAIC Code	Federal ID #	Name of Reinsurer	Amount (000’s omitted)
22039	13-2673100	General Reinsurance	\$6,481

- B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders’ surplus from an individual reinsurer or exceed 10% of policyholders’ surplus in aggregate.

- C. Reinsurance Assumed and Ceded and Protected Cells

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	0	0	0	0	0	0
b. All Other	0	0	\$8,524,688	\$2,634,280	(\$8,524,688)	(\$2,634,280)
c. Totals	0	0	\$8,524,688	\$2,634,280	(\$8,524,688)	(\$2,634,280)
d. Direct Unearned Premium Reserve is \$71,019,302						

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at the end of the current year are as follows:

Description	Direct	Assumed	Ceded	Net
a. Contingent Commissions	\$3,677,000	0	0	\$3,677,000
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	\$888,955	(\$888,955)
d. Totals	\$3,677,000	0	\$888,955	\$2,788,045

3. The Company does not use protected cells as an alternative to traditional reinsurance.



Notes to Financial Statements

D. Uncollectible Reinsurance

Not Applicable

E. Commutation of Ceded Reinsurance

Reinsurance contracts are periodically reviewed to determine if commutation is necessary. Effective January 1, 2012, the Company commuted its quota share reinsurance contract with Ace Property and Casualty Insurance Company for the year 2009. There was no effect on the operating statement as a result of the commutation.

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

H. Run-off Agreements

Not Applicable

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

A. & B. Methods Used to Estimate and Record

Not Applicable.

C. Amount and Percent of Net Retrospective Premiums

Not Applicable

D. Medical Loss Ratio Rebates

Not Applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not Applicable

Notes to Financial Statements

**Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses**

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years decreased by \$1,097,000 during the current year. This reduced the current calendar year losses and LAE incurred by this amount, as shown in the chart below. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding unpaid individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

(000's omitted) Lines of Business	2012 Calendar Year Losses and LAE Incurred			2012 Loss Year Losses and LAE Incurred	Shortage (Redundancy)
	Losses Incurred	LAE Incurred	Totals		
Homeowners & Farmowners	\$16,435	\$1,928	\$18,363	\$17,664	\$ 699
Auto Liability-Private Passenger	17,036	2,528	19,564	19,959	(395)
Auto Liability-Commercial	2,419	480	2,900	3,410	(510)
Commercial Multiple Peril	7,200	1,566	8,766	9,218	(452)
Other Liability-Occurrence	622	(179)	443	570	(127)
Special Property	1,748	138	1,886	2,083	(197)
Auto Physical Damage	14,349	3,544	17,893	18,006	(113)
Totals	\$59,810	\$10,005	\$69,815	\$70,910	\$ (1,095)

**Note 26 – Intercompany Pooling Arrangements**

A. Not Applicable

**Note 27 – Structured Settlements**

A. Reserves Released due to Purchase of Annuities

Not Applicable

B. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not Applicable

**Note 28 – Health Care Receivables**

A. Pharmaceutical Rebate Receivables

Not Applicable

B. Risk Sharing Receivables

Not Applicable

**Note 29 – Participating Policies**

A. Not Applicable

**Note 30 – Premium Deficiency Reserves**

A. Not Applicable

Notes to Financial Statements

**Note 31 – High Deductibles**

- A. Not Applicable

**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

- A. Tabular Discounts  
Not Applicable
- B. Non-Tabular Discounts  
Not Applicable
- C. Changes in Discount Assumptions  
Not Applicable

**Note 33 – Asbestos and Environmental Reserves**

- A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net  
Not Applicable
- B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE included in A Above  
Not Applicable
- C. Ending Reserves for Asbestos Claims for LAE included in A Above (Case, Bulk and IBNR)  
Not Applicable
- D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net  
Not Applicable
- E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE Included in D Above  
Not Applicable
- F. Ending Reserves for Environmental Claims for LAE included in D Above (Case, Bulk, and IBNR)  
Not Applicable

**Note 34 – Subscriber Savings Accounts**

- A. Not Applicable

**Note 35 – Multiple Peril Crop Insurance**

- A. Not Applicable

**Note 36 – Financial Guaranty Insurance**

- A. Not Applicable

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Maine
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/27/2011
- 3.4 By what department or departments?

Maine Bureau of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PriceWaterhouseCoopers, LLP, 125 High Street, Boston, MA 02110-1707
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Jeffrey R. Carlson, FCAS, MAAA employee of Towers Watson. 175 Powder Forest Drive, Weatogue, CT 06089
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]

GENERAL INTERROGATORIES (Continued)

- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value
- \$00
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
- Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?
- Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
- Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?
- Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?
- Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount
15.2001	.....	.....	.....	.....0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?
- Yes[X] No[ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?
- Yes[X] No[ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers
- \$0
- 20.12 To stockholders not officers
- \$0
- 20.13 Trustees, supreme or grand (Fraternal only)
- \$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers
- \$0
- 20.22 To stockholders not officers
- \$0
- 20.23 Trustees, supreme or grand (Fraternal only)
- \$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes[ ] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others
- \$0
- 21.22 Borrowed from others
- \$0
- 21.23 Leased from others
- \$0
- 21.24 Other
- \$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- Yes[X] No[ ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- \$0
- 22.22 Amount paid as expenses
- \$83,494
- 22.23 Other amounts paid
- \$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes[X] No[ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$386,148

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes[ ] No[X]
- 24.02 If no, give full and complete information, relating thereto
- See Interrogatory 28 below
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes[ ] No[ ] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes[ ] No[ ] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[ ] No[ ] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ ..... 0

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ ..... 0

24.103 Total payable for securities lending reported on the liability page.

\$ ..... 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[X] No[ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$ ..... 0

25.22 Subject to reverse repurchase agreements

\$ ..... 0

25.23 Subject to dollar repurchase agreements

\$ ..... 0

25.24 Subject to reverse dollar repurchase agreements

\$ ..... 0

25.25 Pledged as collateral

\$ ..... 0

25.26 Placed under option agreements

\$ ..... 0

25.27 Letter stock or securities restricted as to sale

\$ ..... 0

25.28 On deposit with state or other regulatory body

\$ ..... 1,338,899

25.29 Other

\$ ..... 0
- 25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	..... 0

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]
- 26.2 If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
TD Bank, N.A. ....	One Portland Square, Portland, ME 04112 .....
UBS Financial Services, Inc. ....	1285 Avenue of the Americas, New York, NY 10019 .....

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[ ] No[X]
- 28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

- 28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
UBS Financial Services, Inc. ....	Jason Viola .....	One City Center, 7th Floor, Portland, ME 04101 .....
Columbia Management Advisors ..	.....	225 Franklin Street, Boston, MA 02110 .....
Blackrock .....	.....	Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055 ..
Invesco Advisors .....	.....	430 W 7th Street, Kansas City, MO 64105 .....
Boston Trust .....	.....	One Beacon Street, 3rd Floor, Boston, MA 02108 .....
Conning Asset Management .....	Garett Plona .....	One Financial Plaza, Hartford, CT 06103-2627 .....

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[X] No[ ]
- 29.2 If yes, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
018914101 .....	Alliance Bernstein Discovery Value Fund .....	699,287
298706409 .....	American Funds Euro Pacific Funds - Class F .....	1,073,130
197199847 .....	Columbia Acorn International Fund Class A .....	870,574
197199102 .....	Columbia Acorn Fund Class A .....	697,206
32008F101 .....	First Eagle Overseas Fund Class A .....	1,111,084
780905840 .....	Royce Pennsylvania Mutual Fund .....	920,613
683974109 .....	Oppenheimer Developing Market Fund .....	588,218
92828T707 .....	Virtus Emerging Markets Opportunities Fund .....	590,429
29.2999 Total .....		6,550,541

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
Alliance Bernstein Discovery Value Fund .....	Lear Corporation .....	11,468	12/31/2012
Alliance Bernstein Discovery Value Fund .....	Helmerich & Payne, Inc. ....	10,559	12/31/2012
Alliance Bernstein Discovery Value Fund .....	Fidelity National Finance .....	10,419	12/31/2012
Alliance Bernstein Discovery Value Fund .....	Zions Bancorp .....	10,419	12/31/2012
Alliance Bernstein Discovery Value Fund .....	Tyson Foods, Inc. ....	10,280	12/31/2012
American Funds Euro Pacific Funds - Class F .....	Novo Nordisk .....	40,135	12/31/2012
American Funds Euro Pacific Funds - Class F .....	Samsung Electronics .....	29,940	12/31/2012
American Funds Euro Pacific Funds - Class F .....	Novartis .....	21,570	12/31/2012
American Funds Euro Pacific Funds - Class F .....	Softbank Corporation .....	21,463	12/31/2012
American Funds Euro Pacific Funds - Class F .....	Bayer AG .....	18,887	12/31/2012
Columbia Acorn International Fund Class A .....	Melco Crown Entertainment .....	14,539	12/31/2012
Columbia Acorn International Fund Class A .....	Far Eastone Telecommunications .....	13,407	12/31/2012
Columbia Acorn International Fund Class A .....	Hexagon AB .....	13,320	12/31/2012
Columbia Acorn International Fund Class A .....	Eurofins Scientific Group .....	11,927	12/31/2012
Columbia Acorn International Fund Class A .....	Naspers LTD .....	10,012	12/31/2012
Columbia Acorn Fund Class A .....	Ametek, Inc. ....	15,478	12/31/2012
Columbia Acorn Fund Class A .....	Mettler-Toledo International, Inc. ....	12,619	12/31/2012
Columbia Acorn Fund Class A .....	Crown Castle International .....	12,341	12/31/2012
Columbia Acorn Fund Class A .....	Lululemon Athletica, Inc. ....	11,713	12/31/2012
Columbia Acorn Fund Class A .....	Donaldson Company, Inc. ....	11,225	12/31/2012
First Eagle Overseas Fund Class A .....	Gold Commodity in Ounces .....	65,776	11/30/2012
First Eagle Overseas Fund Class A .....	Fanuc LTD .....	21,444	11/30/2012
First Eagle Overseas Fund Class A .....	SECOM Co. ....	20,777	11/30/2012
First Eagle Overseas Fund Class A .....	Shimano, Inc. ....	20,444	11/30/2012
First Eagle Overseas Fund Class A .....	Keyence Corp. ....	20,444	11/30/2012
Royce Pennsylvania Mutual Fund .....	Kennametal, Inc. ....	11,324	12/31/2012
Royce Pennsylvania Mutual Fund .....	Oil States International .....	10,587	12/31/2012
Royce Pennsylvania Mutual Fund .....	Advisory Board Company .....	9,022	12/31/2012
Royce Pennsylvania Mutual Fund .....	Helmerich & Payne, Inc. ....	8,654	12/31/2012
Royce Pennsylvania Mutual Fund .....	Lincoln Electric Holding .....	8,009	12/31/2012
Oppenheimer Developing Market Fund .....	Oppenheimer Institutions .....	35,411	12/31/2012
Oppenheimer Developing Market Fund .....	Baidu, Inc. ....	19,764	12/31/2012
Oppenheimer Developing Market Fund .....	America Movil .....	18,411	12/31/2012
Oppenheimer Developing Market Fund .....	Infosys LTD .....	14,705	12/31/2012
Oppenheimer Developing Market Fund .....	Magnit JSC .....	12,588	12/31/2012
Virtus Emerging Markets Opportunities Fund .....	Dreyfus Cash Management .....	35,544	12/31/2012
Virtus Emerging Markets Opportunities Fund .....	British American Tobacco .....	34,245	12/31/2012
Virtus Emerging Markets Opportunities Fund .....	SABMiller PLC .....	29,403	12/31/2012
Virtus Emerging Markets Opportunities Fund .....	ITC LTD .....	26,865	12/31/2012
Virtus Emerging Markets Opportunities Fund .....	Housing Development Finance .....	25,447	12/31/2012

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	112,964,875	123,327,099	10,362,224
30.2 Preferred stocks .....	0	0	0
30.3 Totals .....	112,964,875	123,327,099	10,362,224

30.4 Describe the sources or methods utilized in determining the fair values  
Fair values obtained from Conning Asset Management

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?  
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?  
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Yes[X] No[ ]  
Yes[X] No[ ] N/A[ ]

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

GENERAL INTERROGATORIES (Continued)

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 660,682  
33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Service Office .....	..... 489,781

34.1 Amount of payments for legal expenses, if any? \$..... 34,427  
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Verrill & Dana .....	..... 17,179

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 20,687  
35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Charles C. Soltan, LLC .....	..... 12,586



GENERAL INTERROGATORIES (Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only.

\$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0
- 1.6 Individual policies
- Most current three years:
- 1.61 Total premium earned

\$ ..... 0
- 1.62 Total incurred claims

\$ ..... 0
- 1.63 Number of covered lives

..... 0
- All years prior to most current three years:
- 1.64 Total premium earned

\$ ..... 0
- 1.65 Total incurred claims

\$ ..... 0
- 1.66 Number of covered lives

..... 0
- 1.7 Group policies
- Most current three years:
- 1.71 Total premium earned

\$ ..... 0
- 1.72 Total incurred claims

\$ ..... 0
- 1.73 Number of covered lives

..... 0
- All years prior to most current three years:
- 1.74 Total premium earned

\$ ..... 0
- 1.75 Total incurred claims

\$ ..... 0
- 1.76 Number of covered lives

..... 0

2. Health Test

	1	2
	Current Year	Prior Year
2.1 Premium Numerator .....	..... 0	..... 0
2.2 Premium Denominator .....	..... 112,832,780	..... 102,156,908
2.3 Premium Ratio (2.1 / 2.2) .....	..... 0.000	..... 0.000
2.4 Reserve Numerator .....	..... 0	..... 0
2.5 Reserve Denominator .....	..... 100,979,387	..... 93,470,772
2.6 Reserve Ratio (2.4 / 2.5) .....	..... 0.000	..... 0.000

- 3.1 Does the reporting entity issue both participating and non-participating policies?

Yes[ ] No[X]
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies

\$ ..... 0
- 3.22 Non-participating policies

\$ ..... 0
4. For Mutual reporting entities and Reciprocal Exchanges only:
- 4.1 Does the reporting entity issue assessable policies?

Yes[ ] No[ ] N/A[X]
- 4.2 Does the reporting entity issue non-assessable policies?

Yes[ ] No[ ] N/A[X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

..... 0%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$ ..... 0
5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents?

Yes[ ] No[ ] N/A[X]
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation

Yes[ ] No[ ] N/A[X]
- 5.22 As a direct expense of the exchange

Yes[ ] No[ ] N/A[X]
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?

Yes[ ] No[X] N/A[ ]
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
The Company does not write Workers' Compensation Insurance.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
The Company utilizes the services of Towers Watson to perform a catastrophe exposure analysis for hurricane and winter storm possible losses.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:  
The Company carries catastrophe reinsurance to cover loss events which exceed \$3,000,000.
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes[X] No[ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes[X] No[ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

..... 1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes[ ] No[ ] N/A[X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes[X] No[ ]
- 8.2 If yes, give full information.

Effective January 1, 2012, the Company commuted its quota share reinsurance contract with Ace Property and Casualty Insurance Company for the year 2009.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes[ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes[ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes[ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes[ ] No[X]

Yes[ ] No[X]

Yes[ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes[X] No[ ] N/A[ ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force?

Yes[ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses

12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$ ..... 0

\$ ..... 0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds.

\$ ..... 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes[ ] No[ ] N/A[X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From

12.42 To

..... 0.000%

..... 0.000%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes[ ] No[X]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit

12.62 Collateral and other funds

\$ ..... 0

\$ ..... 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$ ..... 323,125

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes[ ] No[X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

..... 2

14.1 Is the company a cedant in a multiple cedant reinsurance contract?

Yes[ ] No[X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes[ ] No[ ] N/A[X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes[ ] No[ ] N/A[X]

14.5 If the answer to 14.4 is no, please explain

15.1 Has the reporting entity guaranteed any financed premium accounts?

Yes[ ] No[X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business?

Yes[ ] No[X]

If yes, disclose the following information for each of the following types of warranty coverage:
- |                        | 1               | 2             | 3               | 4                | 5              |
|------------------------|-----------------|---------------|-----------------|------------------|----------------|
|                        | Direct          | Direct        | Direct          | Direct           | Direct         |
|                        | Losses Incurred | Losses Unpaid | Written Premium | Premium Unearned | Premium Earned |
| 16.11 Home .....       | 0               | 0             | 0               | 0                | 0              |
| 16.12 Products .....   | 0               | 0             | 0               | 0                | 0              |
| 16.13 Automobile ..... | 0               | 0             | 0               | 0                | 0              |
| 16.14 Other * .....    | 0               | 0             | 0               | 0                | 0              |
- \* Disclose type of coverage:
- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5?

Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

17.12 Unfunded portion of Interrogatory 17.11

Yes[ ] No[X]

\$ ..... 0

\$ ..... 0
- 16.1

GENERAL INTERROGATORIES (Continued)

17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	0
17.14	Case reserves portion of Interrogatory 17.11	\$	0
17.15	Incurred but not reported portion of Interrogatory 17.11	\$	0
17.16	Unearned premium portion of Interrogatory 17.11	\$	0
17.17	Contingent commission portion of Interrogatory 17.11	\$	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.			
17.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	0
17.19	Unfunded portion of Interrogatory 17.18	\$	0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$	0
17.21	Case reserves portion of Interrogatory 17.18	\$	0
17.22	Incurred but not reported portion of Interrogatory 17.18	\$	0
17.23	Unearned premium portion of Interrogatory 17.18	\$	0
17.24	Contingent commission portion of Interrogatory 17.18	\$	0
18.1	Do you act as a custodian for health savings accounts?		Yes[ ] No[X]
18.2	If yes, please provide the amount of custodial funds held as of the reporting date:	\$	0
18.3	Do you act as an administrator for health savings accounts?		Yes[ ] No[X]
18.4	If yes, please provide the balance of the funds administered as of the reporting date:	\$	0

FIVE - YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....	39,187,329	37,238,182	34,925,696	34,045,639	33,372,244
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	32,639,783	31,130,735	29,278,846	27,666,259	26,808,571
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	67,848,276	64,945,223	61,715,349	57,275,821	53,960,163
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....	0	0	0	0	0
6. TOTAL (Line 35) .....	139,675,388	133,314,140	125,919,891	118,987,719	114,140,978
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	33,317,026	30,065,660	26,122,181	25,643,680	25,134,738
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	29,503,642	26,772,299	23,707,668	22,338,230	21,666,485
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	55,256,533	50,443,729	44,750,355	42,062,092	38,794,893
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....	0	0	0	0	0
12. TOTAL (Line 35) .....	118,077,201	107,281,688	94,580,204	90,044,002	85,596,116
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	1,810,410	634,030	2,153,590	(169,691)	(4,685,663)
14. Net investment gain or (loss) (Line 11) .....	4,686,184	6,335,426	4,756,742	4,464,545	303,182
15. TOTAL other income (Line 15) .....	891,291	969,393	928,156	1,071,795	1,022,286
16. Dividends to policyholders (Line 17) .....	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19) .....	2,087,912	1,201,356	1,668,036	(397,026)	1,634,828
18. Net income (Line 20) .....	5,299,973	6,737,493	6,170,452	5,763,675	(4,995,023)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3) .....	205,124,517	192,443,537	184,113,397	174,868,274	168,416,631
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	4,872,570	4,645,840	15,709,205	14,347,978	13,739,935
20.2 Deferred and not yet due (Line 15.2) .....	30,767,904	29,507,692	16,155,514	15,827,570	15,775,114
20.3 Accrued retrospective premiums (Line 15.3) .....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	126,045,627	119,466,084	114,769,014	111,110,395	110,356,609
22. Losses (Page 3, Line 1) .....	31,359,498	29,329,414	28,877,002	30,011,975	31,521,944
23. Loss adjustment expenses (Page 3, Line 3) .....	7,125,275	6,891,164	7,083,000	7,387,468	7,719,545
24. Unearned premiums (Page 3, Line 9) .....	62,494,614	57,250,195	52,125,414	49,489,552	46,948,672
25. Capital paid up (Page 3, Lines 30 & 31) .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37) .....	79,078,890	72,977,453	69,344,383	63,757,879	58,060,022
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	11,926,315	8,423,652	6,768,363	7,576,524	2,011,793
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	79,078,890	72,977,453	69,344,383	63,757,879	58,060,022
29. Authorized control level risk-based capital .....	8,510,504	7,609,014	7,009,489	7,371,153	6,498,985
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
<b>(Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1) .....	71.2	74.6	73.9	74.1	79.2
31. Stocks (Lines 2.1 & 2.2) .....	14.3	13.3	12.6	10.8	9.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3) .....	3.6	3.9	4.2	4.6	5.0
34. Cash, cash equivalents and short-term investments (Line 5) .....	10.1	8.1	9.3	10.5	6.7
35. Contract loans (Line 6) .....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7) .....	0.0	0.0	0.0	X X X	X X X
37. Other invested assets (Line 8) .....	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9) .....	0.8	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10) .....	0.0	0.0	0.0	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11) .....	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....	0	0	0	0	0
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....	0	0	0	0	0
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....	0	0	0	0	0
46. Affiliated mortgage loans on real estate .....	0	0	0	0	0
47. All other affiliated .....	0	0	0	0	0
48. TOTAL of above Lines 42 to 47 .....	0	0	0	0	0
49. TOTAL investment in parent included in Lines 42 to 47 above .....	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....	0.0	0.0	0.0	0.0	0.0

FIVE - YEAR HISTORICAL DATA (Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	1,466,005	(2,441,467)	692,492	1,570,018	(625,812)
52. Dividends to stockholders (Line 35) .....	(659,694)	(600,173)	(955,008)	(995,013)	(1,060,501)
53. Change in surplus as regards policyholders for the year (Line 38) .....	6,101,437	3,633,071	5,586,504	5,697,857	(5,648,008)
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1,19.2 & 19.3,19.4) .....	21,122,436	18,913,842	18,403,452	14,357,811	16,970,406
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	17,133,931	18,300,017	14,754,555	14,733,211	15,110,741
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	28,203,424	26,489,562	26,637,626	31,105,034	33,814,132
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
59. TOTAL (Line 35) .....	66,459,791	63,703,421	59,795,633	60,196,055	65,895,279
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1,19.2 & 19.3,19.4) .....	17,398,849	15,878,090	15,201,092	11,518,272	13,405,244
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	16,031,876	16,147,162	12,815,107	12,802,940	13,099,910
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	24,349,084	22,945,702	21,835,805	24,147,652	24,664,639
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
65. TOTAL (Line 35) .....	57,779,809	54,970,954	49,852,004	48,468,864	51,169,794
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	53.0	54.3	53.0	53.7	61.2
68. Loss expenses incurred (Line 3) .....	8.9	8.8	8.9	9.8	9.9
69. Other underwriting expenses incurred (Line 4) .....	36.5	36.3	35.7	36.7	34.5
70. Net underwriting gain (loss) (Line 8) .....	1.6	0.6	2.3	(0.2)	(5.6)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	34.1	33.7	33.8	34.5	32.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	61.9	63.0	61.9	63.5	71.1
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	149.3	147.0	136.4	141.2	147.4
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(621)	(2,742)	(2,551)	(4,311)	(6,345)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(0.9)	(4.0)	(4.0)	(7.4)	(10.0)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(3,222)	(4,095)	(5,654)	(8,072)	(7,768)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(4.6)	(6.4)	(9.7)	(12.7)	(13.9)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES  
SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred		Premiums Earned			Loss and Loss Expense Payments								12
		1  Direct and Assumed	2  Ceded	3  Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10  Salvage and Subrogation Received	11  Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported - Direct and Assumed
					4  Direct and Assumed	5  Ceded	6  Direct and Assumed	7  Ceded	8  Direct and Assumed	9  Ceded			
1.	Prior ...	... X X X ...	... X X X ...	... X X X ...	..... (11)	..... (1)	..... 164	..... 0	..... 1	..... 0	..... 11	..... 155	... X X X ..
2.	2003 ...	..... 80,710	..... 22,101	..... 58,609	..... 43,379	..... 9,837	..... 1,034	..... 160	..... 4,632	..... 289	..... 2,584	..... 38,759	... X X X ..
3.	2004 ...	..... 88,740	..... 23,742	..... 64,998	..... 41,173	..... 8,852	..... 962	..... 252	..... 4,755	..... 246	..... 2,686	..... 37,540	... X X X ..
4.	2005 ...	..... 98,072	..... 25,327	..... 72,745	..... 43,902	..... 9,152	..... 1,266	..... 140	..... 6,029	..... 325	..... 2,442	..... 41,580	... X X X ..
5.	2006 ...	..... 104,395	..... 26,184	..... 78,211	..... 49,056	..... 10,170	..... 1,128	..... 150	..... 6,233	..... 286	..... 2,585	..... 45,811	... X X X ..
6.	2007 ...	..... 108,468	..... 26,906	..... 81,562	..... 60,805	..... 13,412	..... 1,380	..... 110	..... 7,155	..... 526	..... 2,865	..... 55,292	... X X X ..
7.	2008 ...	..... 112,034	..... 27,983	..... 84,051	..... 65,521	..... 13,035	..... 1,409	..... 163	..... 7,587	..... 477	..... 3,006	..... 60,842	... X X X ..
8.	2009 ...	..... 116,195	..... 28,692	..... 87,503	..... 56,414	..... 9,259	..... 1,471	..... 178	..... 7,013	..... 582	..... 2,845	..... 54,879	... X X X ..
9.	2010 ...	..... 122,376	..... 30,432	..... 91,944	..... 56,330	..... 9,650	..... 906	..... 124	..... 7,202	..... 296	..... 2,799	..... 54,368	... X X X ..
10.	2011 ...	..... 129,592	..... 27,435	..... 102,157	..... 60,792	..... 8,677	..... 686	..... 70	..... 7,755	..... 145	..... 3,288	..... 60,341	... X X X ..
11.	2012 ...	..... 136,585	..... 23,752	..... 112,833	..... 47,082	..... 4,221	..... 392	..... 32	..... 6,404	..... 64	..... 2,376	..... 49,561	... X X X ..
12.	Totals ...	... X X X ...	... X X X ...	... X X X ...	..... 524,443	..... 96,264	..... 10,798	..... 1,379	..... 64,766	..... 3,236	..... 27,487	..... 499,128	... X X X ...

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	567	375	0	0	0	0	0	0	2	0	0	194	X X X
2. 2003	0	0	0	0	0	0	1	1	1	0	0	0	X X X
3. 2004	145	0	0	0	0	0	3	1	5	1	0	151	X X X
4. 2005	50	0	4	0	0	0	9	0	13	0	0	76	X X X
5. 2006	89	0	(2)	0	0	0	19	2	23	2	0	125	X X X
6. 2007	763	0	(66)	(7)	0	0	53	5	71	5	0	818	X X X
7. 2008	1,180	90	(58)	(3)	0	0	139	8	164	9	0	1,321	X X X
8. 2009	2,263	253	(145)	(82)	0	0	288	23	338	23	3	2,527	X X X
9. 2010	4,257	933	76	128	0	0	458	155	555	155	13	3,975	X X X
10. 2011	7,962	1,759	662	431	0	0	852	207	1,079	210	32	7,948	X X X
11. 2012	19,818	4,127	2,563	765	0	0	2,266	393	2,080	93	352	21,349	X X X
12. Totals	37,094	7,537	3,034	1,232	0	0	4,088	795	4,331	499	400	38,484	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet	
	26	27	28	29	30	31	32	33	Inter-Company	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Pooling Participation Percentage	Losses Unpaid	Loss Expenses Unpaid
1. Prior ...	X X X ...	X X X ...	X X X ...	X X X ...	X X X ...	X X X ...	0	0	X X X ...	192	2
2. 2003 ...	49,047	10,288	38,759	60.8	46.5	66.1	0	0	0.0	0	0
3. 2004 ...	47,043	9,352	37,691	53.0	39.4	58.0	0	0	0.0	145	6
4. 2005 ...	51,273	9,617	41,656	52.3	38.0	57.3	0	0	0.0	54	22
5. 2006 ...	56,546	10,610	45,936	54.2	40.5	58.7	0	0	0.0	87	38
6. 2007 ...	70,161	14,051	56,110	64.7	52.2	68.8	0	0	0.0	704	114
7. 2008 ...	75,942	13,779	62,163	67.8	49.2	74.0	0	0	0.0	1,035	286
8. 2009 ...	67,642	10,236	57,406	58.2	35.7	65.6	0	0	0.0	1,947	580
9. 2010 ...	69,784	11,441	58,343	57.0	37.6	63.5	0	0	0.0	3,272	703
10. 2011 ...	79,788	11,499	68,289	61.6	41.9	66.8	0	0	0.0	6,434	1,514
11. 2012 ...	80,605	9,695	70,910	59.0	40.8	62.8	0	0	0.0	17,489	3,860
12. Totals	X X X ...	X X X ...	X X X ...	X X X ...	X X X ...	X X X ...	0	0	X X X ...	31,359	7,125

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MMG Insurance Company

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior ...	10,276	10,603	10,716	10,753	10,265	10,098	10,166	10,015	10,329	10,500	171	485
2. 2003 ...	35,489	35,756	35,198	34,952	34,758	34,642	34,522	34,438	34,424	34,416	(8)	(22)
3. 2004 ...	X X X	35,856	34,502	34,140	33,475	33,317	33,218	33,150	33,166	33,178	12	28
4. 2005 ...	X X X	X X X	41,667	38,065	36,471	36,271	36,253	36,125	36,052	35,939	(113)	(186)
5. 2006 ...	X X X	X X X	X X X	45,332	42,724	41,146	40,501	40,434	39,986	39,968	(18)	(466)
6. 2007 ...	X X X	X X X	X X X	X X X	54,762	50,636	49,723	49,923	49,641	49,415	(226)	(508)
7. 2008 ...	X X X	X X X	X X X	X X X	X X X	59,114	56,530	55,485	54,860	54,898	38	(587)
8. 2009 ...	X X X	X X X	X X X	X X X	X X X	X X X	52,385	51,177	50,745	50,660	(85)	(517)
9. 2010 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	52,486	51,288	51,037	(251)	(1,449)
10. 2011 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	59,951	59,810	(141)	X X X
11. 2012 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	62,583	X X X	X X X
12. TOTALS											(621)	(3,222)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior ...	000	4,825	7,702	9,097	9,834	9,913	9,942	9,961	10,154	10,308	X X X	X X X
2. 2003 ...	23,267	29,599	31,906	33,013	33,876	34,224	34,305	34,428	34,424	34,416	X X X	X X X
3. 2004 ...	X X X	21,036	27,477	30,255	31,750	32,571	32,967	32,991	33,025	33,031	X X X	X X X
4. 2005 ...	X X X	X X X	23,811	30,568	32,575	34,070	35,038	35,476	35,728	35,876	X X X	X X X
5. 2006 ...	X X X	X X X	X X X	28,034	35,091	37,815	38,397	39,518	39,845	39,864	X X X	X X X
6. 2007 ...	X X X	X X X	X X X	X X X	34,610	43,469	44,560	46,952	48,331	48,663	X X X	X X X
7. 2008 ...	X X X	X X X	X X X	X X X	X X X	37,974	49,007	51,990	52,801	53,732	X X X	X X X
8. 2009 ...	X X X	X X X	X X X	X X X	X X X	X X X	35,641	43,895	46,908	48,448	X X X	X X X
9. 2010 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	36,003	44,697	47,462	X X X	X X X
10. 2011 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	42,133	52,731	X X X	X X X
11. 2012 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	43,221	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior ...	3,793	1,787	906	373	191	32	91	4	0	0
2. 2003 ...	4,009	2,511	1,394	509	164	76	55	8	0	0
3. 2004 ...	X X X	5,054	2,513	1,306	375	142	51	24	16	2
4. 2005 ...	X X X	X X X	5,854	2,712	805	443	132	28	59	13
5. 2006 ...	X X X	X X X	X X X	5,336	2,279	926	335	171	56	15
6. 2007 ...	X X X	X X X	X X X	X X X	5,014	1,757	839	362	179	(11)
7. 2008 ...	X X X	X X X	X X X	X X X	X X X	3,943	2,220	990	379	76
8. 2009 ...	X X X	X X X	X X X	X X X	X X X	X X X	2,642	1,611	571	202
9. 2010 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,466	778	251
10. 2011 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,820	876
11. 2012 ...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,671

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status	2	3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
States, Etc.			Direct Premiums Written	Direct Premiums Earned						
1.	Alabama (AL) .....	N	0	0	0	0	0	0	0	0
2.	Alaska (AK) .....	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ) .....	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR) .....	N	0	0	0	0	0	0	0	0
5.	California (CA) .....	N	0	0	0	0	0	0	0	0
6.	Colorado (CO) .....	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT) .....	N	0	0	0	0	0	0	0	0
8.	Delaware (DE) .....	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC) .....	N	0	0	0	0	0	0	0	0
10.	Florida (FL) .....	N	0	0	0	0	0	0	0	0
11.	Georgia (GA) .....	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI) .....	N	0	0	0	0	0	0	0	0
13.	Idaho (ID) .....	N	0	0	0	0	0	0	0	0
14.	Illinois (IL) .....	N	0	0	0	0	0	0	0	0
15.	Indiana (IN) .....	N	0	0	0	0	0	0	0	0
16.	Iowa (IA) .....	N	0	0	0	0	0	0	0	0
17.	Kansas (KS) .....	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY) .....	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA) .....	N	0	0	0	0	0	0	0	0
20.	Maine (ME) .....	L	63,104,593	63,282,263	0	27,279,422	27,588,204	16,838,469	430,716	0
21.	Maryland (MD) .....	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA) .....	N	0	0	0	0	0	0	0	0
23.	Michigan (MI) .....	N	0	0	0	0	0	0	0	0
24.	Minnesota (MN) .....	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS) .....	N	0	0	0	0	0	0	0	0
26.	Missouri (MO) .....	N	0	0	0	0	0	0	0	0
27.	Montana (MT) .....	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE) .....	N	0	0	0	0	0	0	0	0
29.	Nevada (NV) .....	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH) .....	L	40,427,102	40,283,748	0	23,395,634	23,927,737	12,216,756	275,931	0
31.	New Jersey (NJ) .....	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM) .....	N	0	0	0	0	0	0	0	0
33.	New York (NY) .....	L	0	0	0	0	0	0	0	0
34.	North Carolina (NC) .....	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND) .....	N	0	0	0	0	0	0	0	0
36.	Ohio (OH) .....	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK) .....	N	0	0	0	0	0	0	0	0
38.	Oregon (OR) .....	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA) .....	L	15,612,320	13,256,432	0	7,408,432	7,998,894	4,282,865	106,560	0
40.	Rhode Island (RI) .....	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC) .....	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD) .....	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN) .....	N	0	0	0	0	0	0	0	0
44.	Texas (TX) .....	N	0	0	0	0	0	0	0	0
45.	Utah (UT) .....	N	0	0	0	0	0	0	0	0
46.	Vermont (VT) .....	L	20,083,415	19,662,013	0	8,246,691	9,677,147	6,621,093	137,077	0
47.	Virginia (VA) .....	L	260,262	100,629	0	32,362	116,294	85,015	1,776	0
48.	Washington (WA) .....	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV) .....	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI) .....	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY) .....	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS) .....	N	0	0	0	0	0	0	0	0
53.	Guam (GU) .....	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR) .....	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI) .....	N	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands (MP) .....	N	0	0	0	0	0	0	0	0
57.	Canada (CAN) .....	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT) .....	X X X	0	0	0	0	0	0	0	0
59.	TOTALS .....	(a) 6	139,487,692	136,585,085	0	66,362,541	69,308,276	40,044,198	952,060	0

DETAILS OF WRITE-INS

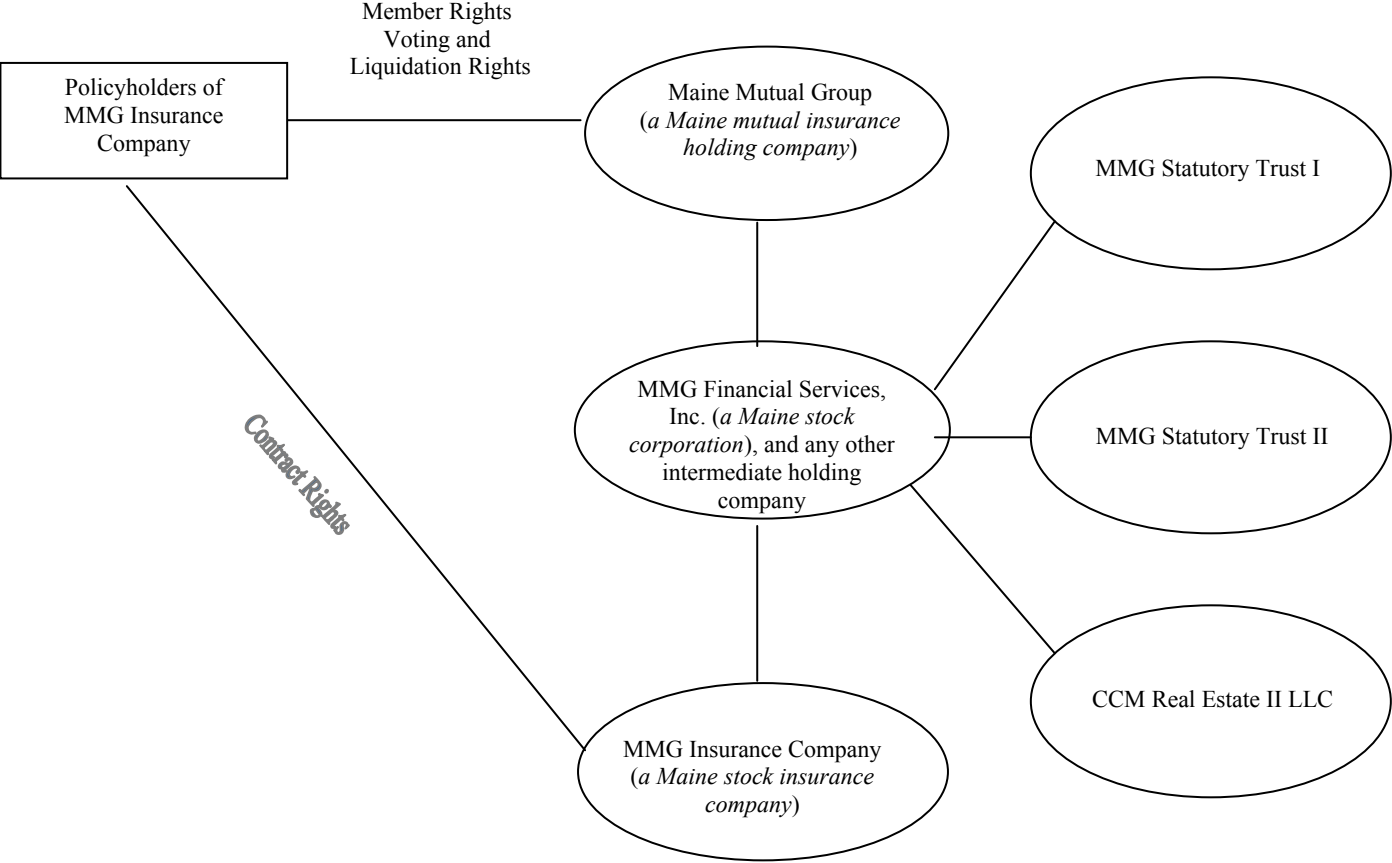
5801.	.....	X X X	0	0	0	0	0	0	0	0
5802.	.....	X X X	0	0	0	0	0	0	0	0
5803.	.....	X X X	0	0	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page .....	X X X	0	0	0	0	0	0	0	0
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	X X X	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: Allocation by state is based on the geographic location of the underwriting exposure.



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



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